

Soviet Aide Cites 'Correctness' of Hungarian Policies

The Associated Press
BUDAPEST — Grigori V. Romanov, a member of the Soviet Politburo, acknowledged Tuesday the "correctness" of Hungarian policies and indicated that the Kremlin sought some economic reforms similar to those of Moscow's most liberal European ally.

Mr. Romanov, addressing Hungary's 13th Communist Party Congress, repeatedly emphasized the economic unity of the Soviet Union and its allies. But he spoke favorably of Hungarian developments that have made this country a forerunner of economic change in the Soviet bloc.

"Hungary has built a new world in close unity with the Soviet Union," he said. "All that has been accomplished proves the correctness of our chosen road."

The Soviet leader, Mikhail S. Gorbachev, reportedly favors cautious reforms of the Soviet economy. Mr. Romanov's comments have appeared to mesh with Mr. Gorbachev's image as an economic pragmatist.

Speaking of Soviet economic "tasks ahead," Mr. Romanov said that emphasis must be given to:

- Further modernization of the economic mechanism;
- The broadening of the autonomy and responsibility of companies;
- The increasingly broad participation of workers in the management of production and the more consistent application of the principles of remuneration according to performance.

In Hungary, state-run industries have a great degree of autonomy and increasingly operate on profitability. There are also growing attempts to tie wages to performance.

Several Hungarian analysts pointed to the similarity of Mr. Romanov's remarks and actual policies here. One of them said that Mr. Romanov's comments amounted to a "ringing endorsement" of Hungarian economic reforms.

Informed Hungarian sources also attached importance to Mr. Romanov's comments on relations among Soviet bloc Communist parties.

"There is no room for the imposition of one's will on the other, for superiority and inferiority," he said.

Warning on Ties to West

Mr. Romanov warned Moscow's allies that their links with the West must be limited, Reuters reported from Budapest.

In his speech, he said that trade with the West must not allow what he called imperialist forces to gain political leverage over Communist states whose interests were best served by cooperating with each other.

"The national interests of Socialist countries can be implemented in no other way than by strengthening the whole community," he said.

UN Agency Urges Staff to Quit Lebanon

Reuters
VIENNA — The UN agency for Palestinian refugees said Tuesday that it is telling its expatriate staff in Lebanon to leave the country for their own safety following a number of kidnappings.

A spokesman for the UN Relief and Works Agency, or UNRWA, said in Vienna that five international staffers were pulled out in the past few days, leaving eight behind.

Those remaining, including the director for Lebanon, John DeFrate, a Briton, were also being encouraged to leave in light of Monday's kidnapping near Beirut of Alec Collett, a British journalist working for the agency. A French official, Gilles Sydney Peyrolles, was seized Monday in Tripoli.

UNRWA provides relief, education and health services for two million Palestinian refugees in the Middle East. It employs a staff of 2,100 in Lebanon, of which 99 percent are local.

Mr. Collett, 63, an UNRWA information consultant, was taken from his car while going from Sidon to Beirut.

The staff of the Save the Children Fund, working with UNRWA in Lebanon, also left recently for safety reasons.

Militia Buffer Zone
The military command has approved a plan to separate militiamen who have battled across the boundary separating Christian and Moslem sectors of Beirut in the worst fighting in eight months, Beirut radio said Tuesday according to The Associated Press.

Beirut radio said the new security plan involves the creation of a militia-free buffer zone along the Green Line that separates Beirut into a Christian eastern sector and a mostly Moslem western sector.

A mutiny by the main Christian militia of President Amin Gemayel's Phalangist Party has prompted the fighting in Sidon and Beirut. The Lebanese Forces militia opposes what it calls Mr. Gemayel's Syrian-oriented policies.

Army units that include both Moslems and Christians will be deployed in the separation zone to supervise the dismantling of the bunkers and barricades that recently reappeared near the Green Line, the radio said.

Blommaton
TRADITIONAL CUISINE - SEAFOOD
OYSTER SPECIALIST
79, av. Charles-de-Gaulle
92200 Neuilly - Porte Maillot
Tel: 47 48 64 Menu 130 F

Rooms for private parties
in Easy parking Closed Sat. & Sun.

SPRINGTIME ARTS IN MONTE CARLO
Tickets to HANDEL (4/10-11)
Sibelius, Strauss, Mahler, Brahms
ENGLISH FESTIVAL

CHAMBER MUSIC
Quartet VIA NOVA (4/2)
1 MUSIC (4/2)
MELOS QUARTET (4/3)

SYMPHONIC MUSIC
PRILSKOVICH ORCHESTRA
OF MONTE CARLO
Conduct: Lawrence FOSTER with
Daniel BARENBOIM, piano (4/4)
Conc. Jean-Pierre WALLES with
Hervé BILAUZET, piano (4/7)
Conc. Hans ZWISLOCKI with
Nicola GEDDA, tenor (4/7)

BALLET
London Festival Ballet (4/6-8)
Alma Dorra Theatre (4/5-7)
FRANCE
Jean-Claude BALLY (4/2)
CHORAL
Opera (4/5-7)

THEATRE
Jean-Claude BALLY (4/2)
CHORAL
Opera (4/5-7)

PRUNIER TRAKTOR
16, av. Victoria, 75116, 200/212
Closed Monday and Tuesday.
A tradition of quality seafood for 4 generations.
Famous for its 1930's setting, 250/200 FF.

GOLDEN CARP
London's most original and exciting seafood
and oyster bar, in the heart of Mayfair. Sophisticated
and comfortable. 80 Mount St. Tel: 499 5285.

ZURICH'S BEST
The Night-Club
with ambience
terrace
at the Bellevue Tel: 251 1075
Best live entertainment.
Strip-show until 2 a.m.



Andrei A. Gromyko, left, with Mikhail S. Gorbachev.

Elite Units Allowed on Both Sides

(Continued from Page 1)

by the four powers despite the creation since the war of two sovereign German states. The governments in Bonn and East Berlin have no official ties with the four-power missions, which are accredited only to each other.

The U.S.-Soviet accord, signed in 1947, and others signed by the Soviet Union with Britain and France, gives each side an outpost and travel rights in the other side's occupation zones in Germany and the right to accredit 14 officers and enlisted men to their missions. The three Western missions are in Potsdam, in East Germany, a few miles southwest of Berlin. The Russians have missions in Frankfurt, Baden-Baden and in the north.

The U.S. mission maintains a white stucco villa in Potsdam, although daily patrols usually originate from West Berlin. East German border guards allow the American liaison officers free access between East and West Berlin across the Glienicke Bridge. The antiquated span, where Francis Gary Powers, the famed pilot of a downed U-2 reconnaissance plane, was traded in 1962 for the Soviet spy Rudolf Abel, is kept free of all other traffic.

British, French and American liaison officers generally conduct daily patrols, driving all over East Germany in marked military jeeps seeking in marked insights into the nature and location of troops, missiles and armor. In West Germany territory, their Soviet counterparts are permitted to do the same. Only designated military zones are considered off-limits to the roving officers.

The reconnaissance sorties, carried out by two- to four-man teams, are closely monitored by Soviet Bloc authorities to thwart snooping in restricted military areas. In the past, East German trucks have been known to bump or ram Western military jeeps or fire warning shots toward them if they came too close to sensitive installations.

U.S. Pollution Survey
(Continued from Page 1)

missed that one," he said, referring to methyl isocyanate.

The chemical industry Monday released its own plan to provide more information to communities about the hazardous substances produced at nearby chemical plants. At a news conference in Washington, the Chemical Manufacturers Association said data sheets on the toxic substances would be provided on request, as part of an effort to develop coordinated emergency plans to deal with accidents.

"The chemical industry has gone through a lot of soul-searching since Bhopal," said Edwin C. Holmer, the association's board chairman and the president of the Exxon Chemical Co. He added that new industry organizations would assist in training local workers for chemical emergencies. The new initiatives, he said, will be instituted voluntarily "regardless of any legislative action."

Chemical industry officials agreed Monday that a national inventory would be useful if it led to uniform standards. The EPA has national air pollution standards for only five toxic substances: asbestos, benzene, vinyl chloride, mercury and beryllium.

Standards for dozens of other substances are set by states according to what each area thinks is safe, so the limits vary widely, according to S. William Becker, executive director of Association of Local Air Pollution Control Officials, in Washington.

The categories chosen for the survey included chemicals that are considered cancer agents, suspected cancer agents or substances considered hazardous by inhalation, ingestion or skin contact.

Among them are methylene chloride, chloroform, chlorine, acrylonitrile, carbon tetrachloride, ethylene oxide, trichloroethylene, benzene, vinyl chloride, hydrogen chloride and xylene. Substantial releases — sometimes in the hundreds of tons a year — of those chemicals were disclosed by the chemical companies.

He added that ministers were concerned about how the United States would handle any eventual transition from offensive to defensive weapons, and insisted that NATO's European defenses must not be jeopardized by the anti-missile project.

The Soviet Union has criticized the Strategic Defense Initiative, saying it increases the risk of nuclear war.

Project May Be Expanded
Michael Weisskopf of The Washington Post reported from Luxembourg: The Reagan administration is considering an interim application of the proposed space-based missile defense system to protect European allies against Soviet short-range tactical nuclear weapons, a senior U.S. defense official said Monday night.

In past efforts to enlist NATO support for a space-based nuclear shield, Mr. Weinberger has emphasized its potential for defending Europe against incoming Soviet intermediate-range nuclear missiles, specifically triple-warhead SS-20s.

The latest suggestion is to deploy the same kind of defense against tactical nuclear missiles, which have smaller payloads and shorter ranges than the SS-20. Although the official did not discuss it, a ground-based fast-firing gun is one idea under study by the Pentagon.

The senior defense official, who spoke on the condition he not be identified, said a defense against Soviet tactical nuclear missiles as the SS-21, SS-22 and SS-23 could be developed faster than the more complex system designed to destroy long-range ballistic missiles.

A tactical nuclear defense, he said, could be developed without violating the 1972 U.S.-Soviet treaty limiting anti-ballistic missile defenses.

Some European leaders support the research phase of President Reagan's space defense plan but have expressed broad concerns about the potentially destabilizing effects of a move beyond that into development and deployment contrary to the Anti-Ballistic Missile Treaty.

"European carping will not strengthen our hand in Geneva," the official said, referring to U.S. Soviet arms-control negotiations. "But I think the president is quite determined to continue the American SDI program."

The official said European officials at the nuclear planning group meeting will be reminded of the potential business interest for their countries in joint research of a tactical nuclear defense.

Soviet Statement Says U.S. Caused Shooting

(Continued from Page 1)

and his driver, Sergeant Jessie G. Schatz, were on a Soviet military installation near Ludwigshafen despite "clearly visible warning signs" that access was prohibited.

Major Nicholson was described as "wearing camouflage gear" when he approached a storage facility, opened a window and began taking photographs.

The Soviet sentry, according to the account, demanded in Russian and German that the intruder stop. "When the latter failed to comply and tried to flee, the sentry fired a warning shot in the air." Since the intruder failed to obey, the sentry shot and killed him.

Major Nicholson's action, the statement said, constituted a "flagrant violation" of agreements governing allied military personnel in East Germany.

The statement charged that U.S. personnel had carried out "unlawful actions" on several occasions before and said that Moscow had repeatedly complained to Washington about "the provocative and dangerous nature of such actions."

"The tragic outcome of what happened on March 24 is regrettable but the entire responsibility for it lies fully on the American side," the statement said.

Weinberger Comments
Casper W. Weinberger, the U.S. defense secretary, Tuesday condemned the shooting "totally unjustified."

Mr. Weinberger, attending a conference of NATO defense ministers, said, "We are convinced the shooting of the major in East Germany was a totally unjustified act. He was entirely in a place where it was agreed observers can go."

A spokesman for Mr. Weinberger said, in a reference to the Korean airliner disaster, that the shooting reflected the "KAL mentality... shoot first and investigate later."

Arms Talks Continue, Unaffected by Shooting
United Press International
GENEVA — The U.S.-Soviet arms talks moved into a new stage of the negotiations with three hours of meetings Tuesday, unaffected by the killing of a U.S. Army officer by a Soviet soldier in East Germany.

Neither side commented on the substance of the meeting, adhering to their agreement when the talks began March 12.

"We do not expect the incident in East Germany to affect the talks," a U.S. delegation spokesman said.

Major Arthur D. Nicholson, 37, was shot and killed Sunday by a Soviet guard. Moscow charged that he was spying inside a restricted military area. Washington denied the allegation.

The first two weeks of the talks were mainly to organize the negotiations. The negotiators decided to discuss substantive issues Tuesday, with a meeting of the subgroups on space arms.

U.S. Invites 18 Allies To Join Defense Project
(Continued from Page 1)

on the United States, the official said.

Although some governments have expressed misgivings about the possible deployment of a defensive shield in space, Mr. Weinberger said all the ministers who spoke were broadly in support of the U.S. research program.

"There were some questions," the official said, "but these are the questions we are all thinking about in the United States as well as Europe."

He added that ministers were concerned about how the United States would handle any eventual transition from offensive to defensive weapons, and insisted that NATO's European defenses must not be jeopardized by the anti-missile project.

The Soviet Union has criticized the Strategic Defense Initiative, saying it increases the risk of nuclear war.

Project May Be Expanded
Michael Weisskopf of The Washington Post reported from Luxembourg: The Reagan administration is considering an interim application of the proposed space-based missile defense system to protect European allies against Soviet short-range tactical nuclear weapons, a senior U.S. defense official said Monday night.

In past efforts to enlist NATO support for a space-based nuclear shield, Mr. Weinberger has emphasized its potential for defending Europe against incoming Soviet intermediate-range nuclear missiles, specifically triple-warhead SS-20s.

The latest suggestion is to deploy the same kind of defense against tactical nuclear missiles, which have smaller payloads and shorter ranges than the SS-20. Although the official did not discuss it, a ground-based fast-firing gun is one idea under study by the Pentagon.

The senior defense official, who spoke on the condition he not be identified, said a defense against Soviet tactical nuclear missiles as the SS-21, SS-22 and SS-23 could be developed faster than the more complex system designed to destroy long-range ballistic missiles.

A tactical nuclear defense, he said, could be developed without violating the 1972 U.S.-Soviet treaty limiting anti-ballistic missile defenses.

Some European leaders support the research phase of President Reagan's space defense plan but have expressed broad concerns about the potentially destabilizing effects of a move beyond that into development and deployment contrary to the Anti-Ballistic Missile Treaty.

"European carping will not strengthen our hand in Geneva," the official said, referring to U.S. Soviet arms-control negotiations. "But I think the president is quite determined to continue the American SDI program."

The official said European officials at the nuclear planning group meeting will be reminded of the potential business interest for their countries in joint research of a tactical nuclear defense.

Soviet Bugged Typewriters at U.S. Embassy in Moscow

By David Hoffman
Washington Post Service

WASHINGTON — The U.S. Embassy in Moscow was bugged by the Soviet Union for a year and possibly longer with sensing devices capable of picking up what was written on embassy typewriters, administration officials have confirmed.

CBS News said the eavesdropping was a "sophisticated electronic spy operation which gave Soviet leaders an inside look at what U.S. diplomats were doing and planning."

The television network said Soviet agents installed tiny sensing devices in about a dozen embassy typewriters. "The devices picked up the contents of documents typed by embassy secretaries and transmitted them to antennas hidden in the embassy walls," he reported.

An administration official confirmed Monday that the embassy had been "penetrated" by "lifting things off typewriters. No doubt about it." The official said the eavesdropping was discovered some time ago and had been stopped.

CBS reported that the antennas in the embassy walls "relayed the signals to a listening post outside the embassy."

"The typewriters were in use from 1982 until the operation was uncovered in 1984," the network said.

It also reported that intelligence experts believe that Moscow had carried out similar eavesdropping earlier. It said an antenna was discovered during the cleanup of a 1978 fire at the embassy.

CBS said that U.S. officials do not know how the devices were installed and that they were found after a warning from a friendly government whose embassy had been similarly bugged.

South Africa Arrests 239
(Continued from Page 1)

ward Parliament with a list of demands that included enfranchisement of blacks, who are now barred from voting in the white-ruled republic.

Arson and stoning of houses and cars continued in the black townships around Uitenhage where police fired tear gas at crowds.

U.S. Bank to Stop Loans
The Bank of Boston has announced that it will stop making loans to private firms and banks in South Africa out of opposition to apartheid, Reuters reported from Boston.

The bank's chairman, William L. Brown, said in a statement released Monday that the bank last year made \$75 million in loans to banks and private firms in South Africa and that these loans will expire next year. The bank, the 16th largest U.S. bank, stopped making loans to the South African government or any of its agencies in 1978.

Denmark Seems Ready to End Strike
COPENHAGEN (Reuters) — The Danish government will 300,000 striking workers to return to work next Monday after reaching agreement with the parliamentary opposition, Danish radio said.

The workers, who have been on strike for three days, will get a 3 percent overall wage increase this year and unspecified shorter hours next year, the radio said.

The agreement between the government and the opposition party has not been officially confirmed. Prime Minister Poul Solberg's center-right government held three hours of talks Tuesday with Radical Party, whose support it needs to achieve a parliamentary majority in favor of giving the state powers of intervention in the dispute.

Senators to Judge Envoys Differently
WASHINGTON (UPI) — The Senate Foreign Relations Committee trying to reduce the number of political appointees to diplomatic posts has adopted a new method for evaluating people named as ambassadors by the president.

Senator Charles Mathias, a Republican of Maryland, and S. Claiborne Pell, a Rhode Island Democrat, said members of the Senate Committee on Foreign Relations, who were formed last year, will in future nominate and report to the committee. The new process "not diminish the president's prerogative in nominating ambassadors or reduce the Senate's responsibility in confirming them," they said.

But they said the new system would lead to "more thoughtful thorough consideration" of the qualifications of those named as ambassadors by the president and screened by the committee. At a Capitol conference, Mr. Mathias said one goal was to increase the number of ambassadorial appointments going to career diplomats rather than political appointees. He said 45 of the 130 current chiefs of missions were "non-career" appointees.

Killing Not Deliberate, CBS Believes
JERUSALEM (AP) — A CBS vice president said Tuesday he believed that an Israeli tank crew did not deliberately fire at two network cameramen who were killed by a shellburst in Lebanon.

"I now believe, even without complete information, that it was not a deliberate attempt to fire tank guns against our camera crew," Ernest Leiser said after meeting with Prime Minister Shimon Peres.

An Israeli spokesman said the prime minister "expressed his sympathy for the cameramen who were killed in the attack on the CBS crew." Two Lebanese employees of CBS, Tewfik Ghazal and Bahije Menni, died in the attack.

EC Studies Plan to Freeze Farm Prices
BRUSSELS (Reuters) — European Community agriculture ministers began detailed examination Tuesday of proposals for a virtual farm price freeze in an attempt to reduce wide divisions over the annual review, diplomats said.

After failing to make progress at their first session Monday, ministers concluded that they were too deeply split over proposals for a freeze on farm prices to reach a compromise by the end of the month, in accordance with their timetable.

However, they agreed to hold a special session next week to try to resolve the issue before Easter, April 7.

Paris Reaffirms It Wants EC Enlargement
PARIS (Reuters) — President Francois Mitterrand of France reaffirmed his commitment to enlarging the European Community, saying some problems remain over entry terms for Spain and Portugal.

"France will have no stone unturned to ensure that enlargement succeeds," Mr. Mitterrand said after a working dinner Monday with Chancellor Helmut Kohl of West Germany at the Elysee Palace.

Kohl said: "There is a lot of good will, certainly as far as we are concerned."

Neither leader would comment on the prospects for an agreement on enlargement at the EC summit meeting starting in Brussels on Friday. Mr. Mitterrand indicated that there would still be bargaining, but as Spain is concerned, the files are still open."

University Degree
For Life, Advanced in Experience
You may qualify for a BACHELOR'S, MASTER'S OR DOCTORATE
Send detailed resume for a free evaluation
PACIFIC WESTERN UNIVERSITY
16000 Van Ness Blvd. (Box 22), San Francisco, CA 94116 USA

WORLD BRIEFS

Vietnam to Free U.S. Businessman

UNITED NATIONS (UPI) — Vietnam will release an American businessman, William M. Mathers, who was seized on his yacht since last July, a United Nations spokesman, Francois Giuliani, said Tuesday.

The acting Vietnamese ambassador, Le Kim Chung, informed tary-General Javier Pérez de Cuellar Monday that Hanoi would release Mr. Mathers between March 29 and April 9, Mr. Giuliani said.

Mr. Mathers, who was living in Singapore, was sailing aboard a Vietnamese vessel when the vessel was seized and Vietnamese sailors charged he had no permission to enter their territorial limit. The crew was released but Mr. Mathers, 41, was held at Can Tho in Vietnam, Mr. Giuliani said.

Taiwan Intelligence Chief Is Indicted

TAIPEI (AP) — The head of Taiwan's military intelligence was indicted Tuesday as an accomplice in the murder in California Oct. 15 of Henry Liu, a Chinese-American author and a critic of Nationalist Chinese regime.

Vice-Admiral Wong Hsi-ling, 58, was charged with being a "principal offender, a full accomplice" in the murder of Mr. Liu, who shot outside his home in Daly City, near San Francisco. Admiral's deputy in the intelligence bureau, Major-General Hu Yi-ming, a department head, Colonel Chen Hui-men, were also named in the indictment on charges of having assisted in the murder.

The indictment, drawn up by military prosecutors, charged although Admiral Wong denied ordering Mr. Liu's death, he "unspecific intent" in connection with the collaborated offense of "aid" in discussing the action with Chen Chi-li, 41, the alleged killer. Taiwan's largest underworld syndicate, Mr. Chen and Wu Tung, 35, was charged with killing Mr. Liu. A third suspect, Tung Kuei-sen, is being absentia.

Reagan Shifts Tone on Defense Cuts

WASHINGTON (WP) — President Ronald Reagan sign willingness to reduce defense spending next year, as long as it does not "compromise national security."

The president told a group of reporters Monday that he was "on line" with the comments of the White House chief of staff, Don Regan, on Sunday opening the way to a possible compromise with Republicans on a lower defense budget than the president has said.

The comments reflected a shift of tone, if not necessarily of suit from the harder line Mr. Reagan took in a Saturday radio talk, in which he stressed that "vital weapons systems, either conventional or nuclear, must not be touched" by congressional budget-cutters. The Budget Committee chairman, Pete V. Domenici, a Republican, Mexico, said he welcomed the statements, adding: "I think they are some willingness to negotiate."

Justices Bar Dismissal of Homosexuals

WASHINGTON (AP) — An evenly divided Supreme Court Oklahoma public school boards Tuesday from firing teachers who are gay, encourage or promote homosexuality.

The justices, by a 4-4 vote, upheld a federal appeals court ruling Oklahoma law allowing such firings violated teachers' free-speech. A tie vote automatically upholds the lower court ruling. But until of the Supreme Court's decisions, it does not set any national precedent because it is possible that in some future case on the same issue, justices will participate.

Justice Lewis F. Powell, who missed hearing oral arguments Oklahoma case in January because he was recuperating from surgery to participate in the Oklahoma case. The Oklahoma law states teacher could be fired or otherwise denied work for engaging in homosexual conduct or activity.

India Gets French Jets as Scheduled

NEW DELHI (Reuters) — Western sales and deliveries of weapons to India have not been affected by the country's spy agency Defense Minister P.V. Narasimha Rao said Tuesday.

Mr. Rao said in a written reply to questions in Parliament that 40 Mirage-2000 fighter-bombers from France had started and be completed on schedule.

Eighteen Indian officials and businessmen have been held on suspicion of leaking secrets abroad. A French deputy military air attaché, Lt. Colonel Alain Bolley, left India shortly after the scandal in January, and Serge Boidevaix, the French ambassador, was recalled.

Denmark Seems Ready to End Strike

COPENHAGEN (Reuters) — The Danish government will 300,000 striking workers to return to work next Monday after reaching agreement with the parliamentary opposition, Danish radio said.

The workers, who have been on strike for three days, will get a 3 percent overall wage increase this year and unspecified shorter hours next year, the radio said.

The agreement between the government and the opposition party has not been officially confirmed. Prime Minister Poul Solberg's center-right government held three hours of talks Tuesday with Radical Party, whose support it needs to achieve a parliamentary majority in favor of giving the state powers of intervention in the dispute.

Senators to Judge Envoys Differently
WASHINGTON (UPI) — The Senate Foreign Relations Committee trying to reduce the number of political appointees to diplomatic posts has adopted a new method for evaluating people named as ambassadors by the president.

Senator Charles Mathias, a Republican of Maryland, and S. Claiborne Pell, a Rhode Island Democrat, said members of the Senate Committee on Foreign Relations, who were formed last year, will in future nominate and report to the committee. The new process "not diminish the president's prerogative in nominating ambassadors or reduce the Senate's responsibility in confirming them," they said.

But they said the new system would lead to "more thoughtful thorough consideration" of the qualifications of those named as ambassadors by the president and screened by the committee. At a Capitol conference, Mr. Mathias said one goal was to increase the number of ambassadorial appointments going to career diplomats rather than political appointees. He said 45 of the 130 current chiefs of missions were "non-career" appointees.

Killing Not Deliberate, CBS Believes
JERUSALEM (AP) — A CBS vice president said Tuesday he believed that an Israeli tank crew did not deliberately fire at two network cameramen who were killed by a shellburst in Lebanon.

"I now believe, even without complete information, that it was not a deliberate attempt to fire tank guns against our camera crew," Ernest Leiser said after meeting with Prime Minister Shimon Peres.

An Israeli spokesman said the prime minister "expressed his sympathy for the cameramen who were killed in the attack on the CBS crew." Two Lebanese employees of CBS, Tewfik Ghazal and Bahije Menni, died in the attack.

EC Studies Plan to Freeze Farm Prices
BRUSSELS (Reuters) — European Community agriculture ministers began detailed examination Tuesday of proposals for a virtual farm price freeze in an attempt to reduce wide divisions over the annual review, diplomats said.

AMERICAN TOPICS

of the Line
for the Caboose

The caboose, which has long been the rear of American railroads for more than a century, is being replaced by a modern electronic device that is designed to do work traditionally entrusted to the crew member perched in the caboose's cupola.

Railroad historians say the car was invented about 1850 when they were getting so long that they could not see every car in the engine. The name is said to come from the Dutch word, meaning "cabin house."

The caboose also served as a sleeping quarters for the crew on long-distance routes but changing rules have meant crews no longer spend the night on the rails.

Some unions are opposing abolition of the caboose, so far to no effect. Dick Tucker, a Pacific Railroad executive, said, "We're replacing a 35-foot box with a 35-pound (16-kilo) black box that costs about \$100." The device indicates when a train and its air brakes are working properly.



Brendan Gill

Williams, 46, a bank examiner from Atlanta, stayed in the icy waters of the Potomac River passing a helicopter lifeline to other survivors before he drowned.

Cocker spaniels, which until recently had been losing popularity, have topped the registration list at the American Kennel Club for the second year in a row.

The National Park Service reports that if mild weather continues, Washington's cherry blossoms should appear at Easter, April 7, and right on time for the annual Cherry Blossom Festival that follows.

These Intruders
'Go Right to the Top'

A psychiatrist who has studied hundreds of people who have tried to gain unauthorized entry to the White House says they have such imaginary problems as feeling that the government is persecuting them, a desire to share supposedly secret information with the president or the prospect of a reward for an imaginary heroic deed.

Threats against the president came from only 22 percent of the 328 people who tried to get into the White House from January 1971 to July 1974, according to a study by David Shore of the National Institute of Mental Health.

"These are not political people but ones who have shown some signs of psychotic behavior," Dr. Shore said. "In America it's a tradition to 'go right to the top' and that's what they did."

—Compiled by
ARTHUR HIGGINS

Walters Accepts Posting as UN Envoy
Without Seat on U.S. Security Panel

WASHINGTON — Vernon E. Walters agreed Tuesday to serve as ambassador to the United Nations without having a seat on the National Security Council, according to Larry Speakes, the White House spokesman.

Mr. Walters had indicated previously that he did not want the cabinet-level diplomatic post unless he would have regular access to President Ronald Reagan at National Security Council meetings and similar high-level strategy sessions.

Mr. Speakes said that the UN delegate, Jeanne J. Kirkpatrick, and her predecessors were not members of the council but had attended its meetings "on an ad hoc basis at the invitation of the president. General Walters' status will be no different than his predecessors," Mr. Speakes said.

Asked if it was likely that Mr. Walters would attend as many meetings as Mrs. Kirkpatrick, Mr. Speakes said, "That remains to be seen."

Background of Conflict

Bernard Weinraub of The New York Times reported earlier from Washington:

Administration officials said a conflict between Secretary of State George P. Shultz and Mr. Walters raised doubts about whether he would accept the post.



Vernon A. Walters

Mr. Reagan agreed with Mr. Shultz's opposition to making the retired three-star army general a member of the council.

Mr. Reagan nominated Mr. Walters, an experienced diplomatic troubleshooter and former No. 2 in the Central Intelligence Agency, on Feb. 8 to succeed Mrs. Kirkpatrick. At the time, Mr. Walters said he would hold cabinet rank and indicated that he would serve on the National Security Council.

But, in recent days, administration officials said, Mr. Walters has been told he would not be on the council, which is the ranking foreign policy decision-making branch of the government.

Other State Department and administration officials said that Mr. Shultz fought against giving Mr. Walters a seat on the council.

"It has nothing to do with Walters, but with that job," said a State Department official. "Shultz did not want the UN ambassador to have the same degree of independence that Jeanne Kirkpatrick had." Mr. Shultz and Mrs. Kirkpatrick have tangled over foreign policy.

A State Department official said: "It's not just having a seat on the council. It's the hobnobbing. It's the sense that you're one of the senior foreign policy people. In essence, what Walters is being told is he's not going to make policy."

Frustration Inside the 'Fudge Factory'

State Dept. Official Cites Lack of Funds, Mismanagement

By Bernard Gwertzman
New York Times Service

WASHINGTON — As Ronald L. Spiers tells it, he was happily at work as ambassador to Pakistan when he complained offhandedly to Secretary of State George P. Shultz, who was passing through Islamabad, about the way the State Department was managed worldwide.

The next thing he knew, Mr. Shultz was asking him to return to Washington to become undersecretary of state for management. Mr. Shultz's first choice as head of management, a corporate expert in the field, had given up in disgust after less than a year of trying to put order into what has affectionately been called "the Fudge Factory."

The problems of the State Department are so long-standing — inadequate resources, cliquish personnel policies and a pervasive feeling that what most officers do has little impact on foreign policy — that being head of management is viewed by many in the department as an invitation to frustration.

Mr. Spiers, a veteran of the Foreign Service, has in recent months begun speaking out candidly about his unhappiness with the state of affairs, and he is quick to say that not much has changed yet. He recently gave a speech to the American Foreign Service Association, the trade union for the State Department, and excerpts from that speech appear in the current issues of the Foreign Service Journal and the State Department's own house organ.

In his view, not only does the State Department not receive enough money to do its job well, but it has failed to manage well the resources it has, namely a dedicated corps of diplomats.

It has long been known that a disproportionate number of competent diplomats had little to do. Secretary of State Dean Rusk complained in the early 1960s that the department had "too many chiefs and not enough Indians."

Mr. Spiers makes the same point when he says: "We have too many senior officers who cannot be placed in jobs appropriate to their rank" and "currently, 40 senior officers are over complement," or doing "make-work" jobs.

In part, this is because of politics. Since 1981, he says, 23 ambassadorial or other senior assignments have moved from career to political appointees. Even the most respected category is not immune. Of 40 career ministers, the absolute cream of the foreign service, seven are without meaningful jobs, he says.

Many officers, particularly those without challenging assignments, complain that despite a variety of objective criteria that are supposed to be used to rank officers and to

select the best for promotion, in the end it all depends on whom one knows in a position of power. An officer may have performed superbly in some far-off embassy, but usually has less chance of getting a top position than does a talented aide to a senior official in Washington.

For instance, it is regarded in the State Department as a passport to a prized overseas assignment to spend two or three years as a senior aide to a high official. In fairness to those officers, they do put in 18-hour days and long weekends, and the toll on their personal lives is often heavy.

Too often, Mr. Spiers says, assignments depend "more on whom you know than whether you are the best for the job or the job is best for you." The system today penalizes officers "who are less visible to the decision-makers in Washington" and fails to ensure "equitable sharing of hardship assignments," he says.

"At the heart of many of these problems is a loss of service discipline that, in my view, arises from a sense that the system is not operating equitably," he said. "I see little chance of restoring esprit de corps and a sense of service until we find ways to restore trust in the system and overcome a feeling that nice guys finish last."

Another major complaint of Mr. Spiers is the lack of funds given to the State Department for its basic job. The budget is about \$2 billion annually, which, as Mr. Spiers points out, is less than one percent of the Pentagon's budget.

Moreover, he says, despite the mystique attached to the Central Intelligence Agency and other clandestine operations, 70 percent of the material in the president's supersecret morning report covering crucial overnight international developments comes from Foreign Service reporting.

And yet, in the last decade, there has been an 18 percent cut in the number of people "devoted to economic and political reporting and analysis — the heart of the department's responsibilities — as we had to meet increases in consular workloads and provide administrative support for other agencies."

"What we have done, year after year, is thin the soup," Mr. Spiers said.

What Will
Justice Say?

The New Yorker magazine is chiding other publications for their mistakes, and prides itself on checking and rechecking every word it prints. But in the arch 18 issue, Brendan Gill, drama critic, wrote a review of a new play, "The Octet"

Justice Bar Dismissal of

WASHINGTON — General Electric Co., the fourth-largest contractor in the United States, was indicted Tuesday on charges that it defrauded the government of \$800,000 on contracts for nuclear warhead systems, the Justice Department announced.

ward S.G. Dennis, a U.S. government attorney, said the indictment was filed by a federal grand jury in Delaware.

So charged in the indictment were Joseph Calabrese, a General Electric employee, Roy Baessler, a former employee. Each was charged with two counts of "making false declarations" before a federal grand jury, he said.

If convicted on charges resulting from an indictment, the company could face proceedings aimed at invalidating all or part of its Pentagon contracts. GE and its subsidiaries received more than \$4.5 billion in military contracts in fiscal 1983, according to the most recent statistics available from the Pentagon.

The company's 1983 contracts included supplies such as washing machines and light bulbs as well as nuclear missile warheads and engines for fighter planes.

Denmark Seeks Ready

COPENHAGEN — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Blame Not Deliberate

WASHINGTON — A paramedic helps Annette Cosh, 49, of Newcastle, Australia, after she was rescued from a boat capsized off Oxnard, California. Mrs. Cosh and her 13-year-old son, who later died, were trapped with other passengers beneath the craft for almost an hour. The other passengers swam to shore 200 yards away.

Beverly Wilshire Hotel
IN THE HEART OF LOS ANGELES
Wilshire Boulevard at Rodeo Drive
Beverly Hills, Calif. 90212
(213) 275-4382 Telex 698-220

The Leading Hotels of the World

London (01) 583-3050
Frankfurt (069) 29 04 71
Hong Kong (3) 22 11 42

London (01) 409-0814
Frankfurt (069) 25 75 24
Hong Kong (3) 48 23 35

CIAO

Houbigant Paris

SKY CHANNEL
BROADCASTING TO CABLE COMPANIES
IN EUROPE & THE UK VIA SATELLITE
"Europe's Best View"

PROGRAM WEDNESDAY 27th MARCH UK TIMES

13.35 FAMILY	18.00 THE LUCY SHOW
14.30 STAR FLEET	18.30 BEARCATS
15.00 SKY TRAX 1	19.20 THE ACCIDENT
15.45 SKY TRAX 2	21.05 INT. MOTOR SPORTS
16.30 SKY TRAX 3	22.10 SKY TRAX
17.30 MR. ED	

SKY CHANNEL TV ADVERTISING SELLS PRODUCTS FAST - FOR MORE INFORMATION, RATES, MARKETING & AUDIENCE DATA CONTACT THE SALES DEPARTMENT, SKY CHANNEL, SATELLITE TELEVISION PLC, TEL: LONDON (01) 636 4077 TELEX 266943

In Hong Kong
we are in the Central Business District.
And yet just minutes from Kowloon.
You should be, too.

**HOTEL FURAMA
INTER-CONTINENTAL**

THE ADVANTAGE IS INTER-CONTINENTAL
INTER-CONTINENTAL HOTELS

One Connaught Road, 5/255111, Telex: 73081
For reservations call: Tokyo: 2150777
Singapore: 2202476, Osaka: 2640666, or call your nearest
Inter-Continental sales office.

Starting April 2...

**Delta Flies Nonstop From Paris To Atlanta.
And On To Over 90 U.S.A. Cities.**

From New York to Texas, from Florida to California, Delta flies you just about anywhere in the U.S.A. Catch Delta nonstops from Paris to Atlanta, where you can make easy Delta-to-Delta connections to over 90 cities across the U.S.A.

Delta also has frequent daily service from the New York and Boston gateways to cities across the South. You can also fly Delta nonstop from London to Atlanta, from Frankfurt to Atlanta and from Frankfurt to Dallas/Ft. Worth.

Call your Travel Agent. Or contact your local Delta office in Paris. Or call Delta in London on (01) 668-0935. Or call Delta in Frankfurt on 069 23 30 24.

Delta Ticket Offices are at 140 Regent Street, London W1R 6AT and Friedenstrasse 7, 6000 Frankfurt/Main. Schedules are subject to change without notice.

Delta Gets You There

R.C.F. PARIS B 331 443 705

INSIGHTS

Some Doubt Thatcher Can Revive The Spirit of Enterprise in Britain

By Michael Getler
Washington Post Service

LONDON — Can Britain become what Prime Minister Margaret Thatcher wants it to be: an American-style "free enterprise, entrepreneurial culture" that booms along under the banner of self-reliance, creating new jobs and a strong economy?

Or is this nation, so civilized and tolerant in so many ways, still too immersed in class-consciousness, socialized services and a more relaxed attitude toward work, education and profit to transform itself? Does it, down deep, even want to change?

Mrs. Thatcher says Britain can and must change if it is to break the grip of relative economic decline that has hampered the country since World War II. She has staked much of her political reputation on such a transformation.

"We had it," she said of the spirit of enterprise in this country, where the Industrial Revolution was born two centuries ago, "and we are trying to regain it."

But Ralf Dahrendorf, who stepped down last fall after 10 years as director of the London School of Economics, says Britain has not had that spirit since the 1890s.

"It is totally absurd to try to change a society 180 degrees," he said. "The point about Ronald Reagan's success is that he is reviving traditional American values and virtues. Mrs. Thatcher is trying to do just the opposite: fight all the traditional English values and virtues and, in my view, she is doomed to failure."

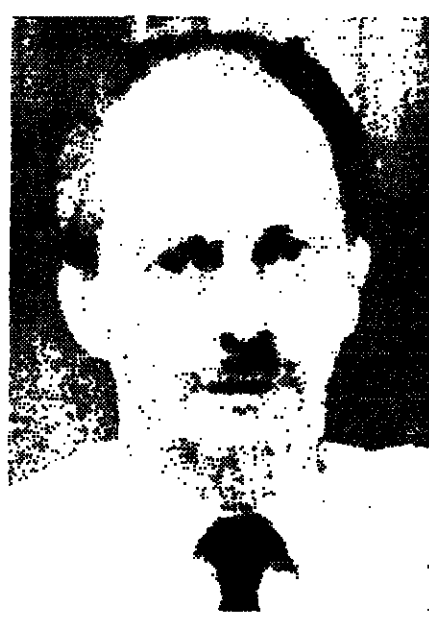
"Britain is a society of many solidarities," the German-born economist continued, "totally adverse to the spirit of competition between individuals. If you try to get one against the other, you get nowhere in Britain. America is exactly the opposite. There is a great tradition of trying to get somewhere on your own. In Britain you always pretend you are not trying."

Between the views of Mrs. Thatcher and Mr. Dahrendorf lie the views of a many British academics, economists and managers, who were interviewed recently, and the conclusions of some recent international surveys.

Those views suggest that while Mrs. Thatcher may be pushing Britain toward a more dynamic



Margaret Thatcher: Britons had the spirit, "and we are trying to regain it."



Ralf Dahrendorf: Fighting the traditional virtues is "doomed to failure."

led the world in market penetration," the report said.

The survey of 1,100 business leaders and economic specialists in the 28 countries said that London's financial center was booming and dynamic, along with North Sea oil and expanding service industries.

But "there are grave doubts whether these strengths will be enough to offset very deep-seated structural problems," the management forum report says. The country faces "a major competitive shortcoming" in its failure to train enough skilled workers and "Britain's virtual specialization in low-value products will put it more and more into competition with low-wage, but increasingly productive, Third World countries."

A mid-1983 report by the U.S.-based Aspen Institute for Humanistic Studies on work habits in several industrialized countries found Britain

An American management expert in London called it a "penny-pinching budget balancing" rather than an investment strategy and said it "won't stimulate the country or a major resurgence."

While "Thatcher is a step in the right direction," he said, "there is still a tackiness that the British attach to monetary matters and profits and that leads to a lack of aggression in the mentality to create wealth. Growth of only the service industry here means they are only talking about the growth of lousy jobs."

"Britain has got to decide who it wants to be," he continued. "It's got to stimulate research and development, not restrict it. They are enormously short of trained people."

Mrs. Thatcher, he said, "thinks she can nickel-and-dime and talk her way into a really competitive society. It's Reaganism without the American dynamism or budget deficit."

John Stopford, professor of international business at the London Business School, said that "Britain has a long way to go in understanding that education for supporting a wealth-producing society" needs to be encouraged, as well as traditional support for pure scholarship.

It is a point widely agreed upon. "It is fascinating," Mr. Dahrendorf added, "that Britain continues to be very strong at the frontiers because they love the eccentric, the person who goes on to win the Nobel Prize. But they've never translated that into production."

Mr. Cassels criticized "this emphasis on the needs of a minority of mobile pupils and relative indifference to the majority," and said that Japan, the United States and West Germany all out-perform Britain "in the vigor and depth of their commitment to continuing training and education."

The development of advanced management and business schools here, he added, has also settled down after a burst of enthusiasm several years ago. "There is something rather British about this approach: indifference; the dash for a quick fix; the inevitable disappointment; the relapse into indifference."

Sir Michael Edwards, the South African-born chairman of Britain's Dunlop rubber company, told Chief Executive magazine, "There's a lot of management talent in this country," but "there's more cowardice around today than in the 18 years I've been in Britain. The British attitude is that the most terrible thing is to make a mistake." That, he said, reduces the risk-taking environment upon which competitiveness rests.

Mr. Stopford said "complacency is enemy number one in this country." Mr. Dahrendorf said it is a combination of unwillingness to take risks in combination with a failure to sustain newly started small companies so they can grow to medium size and compete.

There is some support for this in an otherwise optimistic new report called "The Cambridge Phenomenon," which describes the extraordinary mushrooming, much like areas in the United States, of 322 high-technology firms in the region around Cambridge University.

"It represents one of the very few spontaneous growth centers in a national economy that has been depressed for all of a decade, and certainly the only one where growth is being led by high-technology industry," the report said.

But it also says that many of these companies intentionally remain quite small and that "it seems to be a particular American skill to be able to mobilize all the requisite resources to grow a new-technology enterprise into an enormous, fully integrated company in a short time."

The point about Ronald Reagan's success is that he is reviving traditional American values and virtues. Mrs. Thatcher is trying to do just the opposite: fight all the traditional English values and virtues.

economy, she could be overwhelmed by cultural obstacles, her policies of tight money, and even her personality, spawning divisiveness rather than consensus.

There is also little optimism that any major dent will be made in Britain's record 13 percent unemployment.

An oil company executive said Mrs. Thatcher "is more likely to fail than to succeed. But the country will be better off even if she doesn't bring it all off."

BRITAIN under Mrs. Thatcher is now in its fourth year of modest economic growth, holding its own against the United States and Japan.

Inflation has been reduced to a steady 5 percent. Investment productivity and corporate profits are all up. Huge nationalized industries have been sold to the private sector. A 3.6 percent growth rate for 1985 was recently forecast by the London Business School, and Mrs. Thatcher's success in facing down Britain's powerful coal miners in their strike may smooth industrial relations in the future.

John Cassels, director of the National Economic Development Office, also points out that the number of self-employed people has grown by nearly 500,000 in the last five years and the total number of companies by 8 percent, most of them small.

And Britain has a core of top-rated international companies, such as Courtaulds textiles, Imperial Chemical Industries, British Petroleum and the Jaguar auto company, that are led by highly regarded managers.

But there remains a troubling undercurrent that can shatter Mrs. Thatcher's hopes. A major report last month on international competitiveness by the European Management Forum, an independent, Geneva-based foundation, places Britain in 14th place in a survey of the 22 Western industrialized member nations of the Organization for Economic Cooperation and Development and six developing countries.

The halfway mark among 28 nations is a significant climbdown for a country that once

scored the lowest. "The will to work and to do well in one's work is lowest there," the report said, "and dissatisfaction with working conditions the highest."

Although Mrs. Thatcher cites gains in worker productivity, the European Management Forum report says Britain's is the lowest of all industrialized countries and that the higher figures reflect either increased unemployment or shorter hours. "A British manufacturing worker adds only one third of the value to production achieved by his U.S. colleague and little more than half that of his German mate," the report says.

Britain's economy is growing and the country has a surplus in its balance of international trade. But the management forum report and a new OECD report on Britain — and numerous other specialists — point out that the income from North Sea oil obscures the fact that, beginning in 1983, Britain's manufacturing trade dipped into deficit for the first time and has remained there.

Britain is now the world's fifth largest oil producer. And while Mrs. Thatcher points out that the oil contributes only 6 percent of Britain's total output of goods and services, the gross national product, it produces 10 percent of government revenue and 20 percent of exports.

The oil money is "the aspirin that prevents the pain from getting through," said an economist. It obscures, he said, the real measures of competitiveness and the devastating loss of traditional manufacturing, especially in the north of Britain.

But Mr. Cassels, of the development office, said the oil "gives us more time to change and adjust."

"As we succeed," he said, it will change people's perceptions of where responsibility lies for making things happen."

EDWARD Heath, a former Conservative prime minister, described Mrs. Thatcher's monetary policies as "the kitchen sink economics of the housewife" that will never produce enough growth to cut deeply into the country's unemployment problem.

Unlikely Governor Takes the Helm in Stern Yankee State of Vermont

By Kevin Klose
Washington Post Service

MONTPELIER, Vermont — Not since Ethan Allen captured a British fortress without firing a shot 210 years ago has Vermont leader so bested the odds as Madeleine M. Kunin, new governor, the most rock-ribbed and rural U.S. state, more than that she is one of only two women in the United States. Her husband reads like a fictional storybook: an immigrant Jewish woman who is a Democrat, a Republican, a Yankee Vermont.

Since Mrs. Kunin's widowed mother sent her son and daughter to America in 1904, as France was falling to Hitler's Nazi-dominated Europe, the government recently, "I felt this sense of optimism that you could do anything."

Her mother felt very strongly about that for us," she said. "The whole Horatio myth was alive and well as far as we were. I think everyone who comes here, has the immigrant experience, brings a set of values for life that you carry with

though Mrs. Kunin, 51, said she never applied the myth "to myself, as a girl, as a woman, I think, indirectly, it did affect me. I think it also left me with sympathy for the 'dog'," she said, "some kind of social conscience, which I think is important."

Kunin is Vermont's third Democratic governor, the first woman chief executive in the history and, with Martha Layne Collins of Kentucky, one of two women governors in the United States.

She was born Madeleine May in Zurich, the child and only daughter of a Swiss seaman. Her father died when she was three, and her older brother, Edgar May, grew up in straitened circumstances.

In 1940, as France was falling to Hitler's Nazi-dominated Europe, the government recently, "I felt this sense of optimism that you could do anything."

Her mother fled to Italy, where she was joined by her family. The family lived in the S.S. Manhattan, a liner with 900 passengers. It was the last ship allowed to leave with Jews aboard.

Kunin does not remember the tension, an adventure as far as I was concerned."

LET in New York by relatives, the family settled in Forest Hills, New York. Mrs. Kunin's Swiss background is firmly today, her original German is firmly a language, with French a distant third.

Her family later moved to Pittsfield, a small town in western Massachusetts, where she finished high school. Mrs. Kunin graduated from the University of Massachusetts, studied journalism at Columbia and went to work as a reporter at the Boston (Vermont) Free Press.

Her husband, she said, was one of the few places she got a general-assignment job that was suited to society news.

After a year reporting about local school and city councils, she took a job at a

local television station. She met and married Dr. Arthur Kunin, a kidney specialist who now teaches at the University of Vermont Medical School.

Meanwhile, her older brother, Edgar, a graduate of Northwestern University, also had become a reporter at The Buffalo (New York) Evening News, winning a Pulitzer Prize in 1961 for investigative reporting. He now is a Vermont state senator.

"I had my first child and stopped working," she said, talking of the 1960s. "Then, I did a lot of volunteer things in the community, got a master's degree between children and did some free-lance writing."

"My husband went to Harvard for two years, and I did some part-time public-relations work at Boston University," Mrs. Kunin said. "But it was just bits and pieces."

And something was missing. When her husband got a sabbatical and the family spent 1970 in her native Switzerland, she found what it was.

In 1970, Swiss women still could not vote in federal elections or in any cantonal, or state, elections. Mrs. Kunin, who had been reading works by Betty Friedan and other feminists, was drawn to the Swiss women activists.

"I went to several meetings, and here was a chance to relive the suffragist movement, which I had always wanted to do anyway," she said. "I got caught up in it, and I thought, 'These women care passionately about these issues, and we have taken them for granted.'"

"I thought, 'American women really haven't fully taken advantage of the right to vote.' So when I came back, I was ready to go," Mrs. Kunin said. "A woman's political caucus had just started in Burlington, so I got involved with that."

"It was ironic, because Switzerland was so much more behind, but yet it did mobilize me."

In 1972, Mrs. Kunin ran as a Democrat in Burlington, Vermont's largest city, and won a seat in the state legislature. She won two more two-year terms, filling increasingly important minority-leadership posts.

In 1978 and 1980, she was elected lieutenant governor while Richard Snelling, a Republican, was voted governor.

Mr. Snelling decided not to seek a third two-year term in 1982, but changed his mind after Mrs. Kunin announced her candidacy and appeared to be an easy winner. Instead, Mr. Snelling ran and defeated her with 55 percent of the vote.

"If I hadn't gotten strong support two years ago to run a good race, I wouldn't have been in a position to run this time," Mrs. Kunin said of the 1982 loss. "Women must be prepared to try again and not be discouraged by losing."

Last November, Mrs. Kunin defeated John J. Easton Jr., the Republican state attorney general, by just 62 votes more than the 50 percent Vermont law requires.

In the next two years, Mrs. Kunin must deal with the \$35-million budget deficit Vermont faces.

The budget problems will squeeze her efforts to improve education aid and attempts to offer incentives to businesses to settle in depressed areas of the remote northeastern state, where 66 percent of the population of 535,000 live outside urban areas.

Mrs. Kunin also must seek solutions to the sharp new disputes breaking out between Vermont's staunch conservationist movement and vacation-resort owners pressing for huge new expansion of their ski and year-round recreation facilities.

ALTHOUGH these are severe problems, Mrs. Kunin takes office in exceptional circumstances. For the first time in state history, the Vermont Senate is in Democratic hands, and as if to prove the state's national reputation for civilized, yet topsy-turvy political independence, the Republican-controlled lower house has elected a Democrat as speaker.

In her inaugural address, Mrs. Kunin paid tribute to the underdog, and to the women's movement.

"I recognize that I was able to raise my right hand before you this afternoon only because so many women had raised their voices long before my words were spoken," she said.

America's "limitless dream," she told her audience in the diminutive statehouse, "must continue to beckon to the next generation." Vermont residents should reject "the harsh theory of survival of the fittest," she said. "Our task is to be both prudent and humane. We cannot accept the status quo."

Speaking privately earlier, Mrs. Kunin said, "Governors have had to deal with difficult financial times and have really not been able to avoid those tough decisions. As a woman, there are no simple solutions or simple answers."

"It's not a question of getting the right media expert, or the right slogan, or any of those things," Mrs. Kunin continued. "If my race proves anything, it is that experience means a lot, and that you have to build up strong credibility as a candidate based on everything else, not just being a woman. Based on your stand on the issues, on your ability to do the job."

"I think you do have a special hurdle to overcome," the governor said. "Sometimes I think the whole point of a woman running for high office, that hasn't been achieved before, is to get people to really look at you for who you are and to put the whole gender question aside."

"That's easier said than done, because it doesn't really work that way. But that's what you want to achieve. In a sense, I think that's what I achieved," she continued, "that I could get people to focus on my qualifications and the issues, and that diminishes the obstacle of gender."

"The hurdle is mostly there because of lack of precedent. I don't think it's in and of itself a bias. I think it's a bias because nobody's used to the idea," Mrs. Kunin said.

"Fifty years from now, it'll be less of a novelty."

Baby Who Symbolized New Brazil Dies

Short Life Illustrated Problems Faced by the Democratic Government

By Juan de Onis
Los Angeles Times Service

IO DE JANEIRO — The first baby born in Brazil this year — hailed as a "symbol of the birth of a new republic," and named in his honor — died the other day.

The circumstances of the death of Tancredino, as the child was called, illustrated the problems of the new republic, as it is to democracy. The child died of pneumonia and dehydration two months and five after his birth.

Any of the children born in Brazil's shanty towns live only a short time. In impoverished areas, such as the northeastern states of Ceará and Piauí, infant mortality in 1984 exceeded 120 per 1,000 births. Nutritional deficiency, leading to gastrointestinal pulmonary disease, is the main cause of

for March 15 — because of two intestinal operations.

It was when Mr. Neves's wife, Risoleta, was pictured cradling the baby in her arms that Tancredino was described by the Brazilian media as a "symbol of the birth of the new republic."

Mr. Neves, 75, has said that his first priority after inauguration will be an emergency program to provide jobs and food for the lowest strata of Brazilian society, where even those who can find jobs are paid a minimum wage of less than \$40 a month.

Mr. Neves has said that his No. 2 priority will be to reduce inflation, which raised prices 225 percent during the last 12 months. The poorest have been hardest hit because food and rent have led the price increases.

BUT Tancredino did not live to see the "new republic" despite the unusual advantages proffered by his benefactor.

The baby's father, Francisco Ribeiro dos Santos, 31, is a manual laborer for the city, which pays the minimum wage. Tancredino's mother, Terezinha Pereira de Lima, 26, has two other children. The parents migrated to Rio from the northeastern state of Paraíba and live in a wooden shack on a hillside behind the luxurious waterfront apartment houses of Copacabana Beach.

The mother did not have enough milk to nurse the new baby, but Mr. Neves's office said

to it that she was provided with powdered milk, prepared baby food and clothing for the infant.

Three weeks ago, rainstorms swept Rio de Janeiro, producing floods, mud slides that killed 20 people in the slums and misery in the shantytowns where 800,000 people live.

Tancredino came down with a cold. He was treated by his mother with medicine provided by a local pharmacist but was not examined by a doctor, according to Carmen Butle, the executive secretary at Mr. Neves's office.

The mother then decided to take her two older children back to Paraíba and leave them with her parents. The cost of living in Rio de Janeiro was too high to keep the family fed, she said.

RATHER than take the sick baby on the 1,200-mile (2,000-kilometer) bus trip, she asked that Tancredino be placed in a nursery run by a foundation for child education.

"With the assistance of the president-elect, he was admitted like an honored guest," Mr. Neves's secretary said. "He had a case of the sniffles, but the mother didn't tell us that he had been sick for a week."

By the second day, Tancredino was being given an oral serum for dehydration, then antibiotics for pneumonia. A week ago, he died. Sebastian Nascimento, who runs the foundation, remarked, "I hope Tancredino's death serves to light the way for President-elect Tancredino Neves and the new republic."

2 FOR 1

Subscribe to the IHT at special introductory rates for new subscribers and save almost 50% off the newsstand price in most European countries.

Twice as much news for your money.

To: Subscription Manager, International Herald Tribune, 181, av. Charles-de-Gaulle, 92521 Neuilly Cedex, France. Tel.: 747.07.29. Tr: 612.832.

Please circle below the reduced subscription price selected. For new subscribers only. (Rates valid through April 30, 1985.)

Country	Currency	1 year	6 mos.	3 mos.
Austria	S.	3,220	1,610	800
Belgium	B.F.	7,350	3,675	2,000
Denmark	D.Kr.	1,620	780	400
France	F.F.	1,120	560	300
Germany	D.M.	1,000	500	280
Great Britain	£	82	41	23
Greece	Dr.	18,400	9,200	3,450
Ireland	Ir.£	124	62	35
Italy	Lira	218,000	109,000	59,000
Luxembourg	L.F.	7,350	3,675	2,000
Netherlands	Fl.	490	245	124
Norway	N.Kr.	1,180	590	320
Portugal	Esc.	11,200	5,600	3,080
Spain	Ptas	17,400	8,700	4,800
Sweden	S.Kr.	1,180	590	320
Switzerland	S.F.	320	160	100
The rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East	S.	384	192	76
Rest of Africa, Canada, Latin America, Gulf States	S.	336	168	100

Yes, I would like to accept your bargain offer. Please send me the International Herald Tribune for the time period and at the reduced price circled on this coupon.

☐ My payment is enclosed (check or money order to the IHT)

Please charge my: ☐ Access ☐ Eurocard

☐ American Express ☐ Mastercard

☐ Diners Club ☐ Visa

Card account number

Card expiry date

My name

Address

City

Country

Tel. Telex

AMEX Stock Index			
High	Low	Close	Chg
224.55	223.78	224.11	+0.3

[illegible]

Economic Developments in China

YEAR OF THE OX – China loosens the Reins and gets down to Business

THIS is the first month in the Chinese Year of the Ox, a good year in the Asian cosmology. Its symbol recalls the slow, steady progress that can be achieved by working easy in harness. All the economic indicators look good for business: China's forex reserves grew from US\$2 billion at the end of 1980 to US\$16.5 billion by mid-1984. It has substantial old reserves reported to be 12 million ounces, and a debt-service ratio so low that it has Western bankers pounding the pavements in Beijing looking for loan prospects. Though no one can seem to agree on final figures, due to differences in methods of calculation, all sources do agree that 1984 was a banner year for China trade with the West. China has enjoyed bumper harvests for several years, there is no hunger. Finally, to the delight of Western exporters and investors, China needs more and better of just about everything if it is to succeed at modernizing its economy in the lifetime of anyone now alive.

Everyone is flush with the success of reforms since 1979. When Deng Xiaoping took the reins of power in hand, relative figures show staggering progress: "Living standards of peasants", according to Zhao Weichen, Vice Minister of the State Economic Commission in the January issue of *PRC Quarterly*, "have risen remarkably. In the previous five years (1979-1984) their average per-capita income rose 150%." He notes that agricultural output went up 4.8% annually, and 40 of 100 major products in the government's registry of light and heavy industries were two years ahead of their output goals under the Sixth Five-Year Plan (1981-1985).

Deng Xiaoping and his supporters have taken the position that a guided socialist economy works better, at least for China, than a rigidly controlled one on the Soviet model. The keynote of this new approach is contained in the term, "songbong" which roughly translates to "loosening the reins" – in this case meaning the devolution of decision-making powers from the center of government to responsible field commanders in local governments and business enterprises.

China's leadership has reached a natural terminus: 1985 is the last chance to achieve many incomplete goals of the Sixth Five Year Plan and the time to sow the ground for the Seventh, which begins in 1986.

The factory manager who

must implement systems based on merit and productivity has been yoked to a heroic task: He must make things work. The government wants wages adjusted for the difficulty and importance of the work. Factories can now adjust their

over the period of the seventh plan.

Who are these agents of change? Of the nearly two million managers now employed in the state's financial and commercial sector, fewer than four per cent hold university degrees.



Aerial view of Zhuhai city near the Special Economic Zone.

Photo: Xinhua News Agency

own prices within set ranges, they can trade with other provinces and can set up their own joint ventures with foreign partners for export products. They can compete in the bidding among all other local authorities for central state money to underwrite major projects in the next five year plan. Song Ping, the State Planning Minister, told New China News Agency late last year that he had already received requests for funding of 3,000 such local projects

Government spokesmen have been reported as saying that half the leaders of state-run enterprises in China – which means virtually all enterprises – have less than a junior high school education.

In the north, the National Center for Science and Technology at Dalian was recently characterized as the "Harvard Business School of China" by *Newsweek* magazine, courtesy of M.B.A. courses being run by the State University of New York in

Buffalo. The three-year program ends with a final year of study in the United States and has already produced a breed of "best and brightest" managers in high government postings.

In the south, Guangdong's equivalent of a provincial personnel bureau has signed an agreement with the International Institute of Education, a U.S. non-profit university counselling service with offices in Hong Kong and other Asian cities, to assist in English-language testing for job placements, counselling for applicants to American universities and the supply of educational equipment.

Jay Henderson, Asian director of IIE, claims they have also been asked to provide high-level American financial and economic experts to assist Beijing's central government planners in better understanding of Western business practices. The problem so far, according to Henderson, is that no one is yet willing to fund such an exercise.

Foreign businessmen at first rejoiced in the hope provincial authorities, with wider discretionary powers would bypass much of the top-heavy Beijing bureaucracy. It has often proven true. For instance, a Citibank introduction to China investment notes that in 1983 alone, 105 new joint equity ventures were established, adding greatly to the 83 that had been established over the previous five years. Foreign investments in these ventures are in excess of US\$200 million and 68 of them are located in the four Special Economic Zones. There were also 200 new co-production projects contracted, valued at US\$180 million.

Successes are offset by stories of businessmen accustomed to computer technology and the niceties of tort law reduced to giving elementary lectures in the concept of "cash flow" in a frantic effort to seal a contract. The hard fact is that direct foreign investment in China has not been large. It has been estimated at about US\$3.3 billion over the last five years with a large percentage of that from Hong Kong – and much of it in pledges of intent that may never materialize.

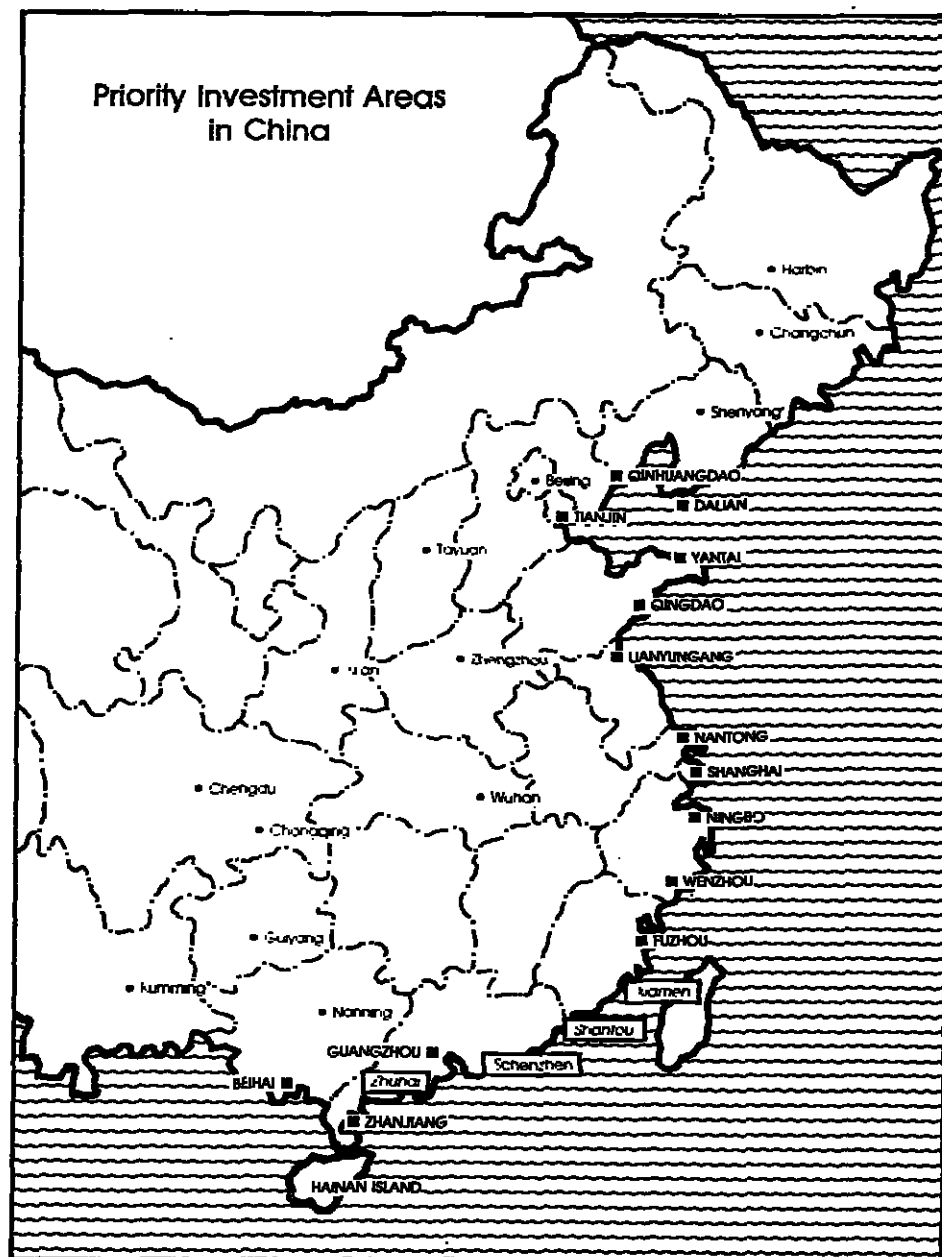
Neither Chinese government leaders nor foreign businessmen are happy about it,

which is why the 14 open coastal cities and Hainan Island were added to those areas designed to lure investors late last year. Already this year, creation of three special Delta Economic Zones has been announced – those of the Pearl, Yangtze and Minnan Rivers in Guangdong, Jiangsu and south Fujian provinces respectively. That makes 21 official zones, but does not count the special status of certain hinterland cities like Wuhan, Chongqing and Shenyang.

A recent article in the *Beijing Review* quoted an address by Vice-Premier Li Peng at a national port conference in Beijing to the effect that, "China had opened 99 foreign trade ports by the end of last year (1984)." And that, he said, was in addition to all the other zones, ports, cities and deltas already noted. The numerology of China's "open doors" is approaching the complexity of interpreting the future from the *I-Ching* hexagrams.

Many Western businessmen have found more doors mean more margin for misunderstanding and error. There is in effect no single Chinese organization that can, after a certain point, give a flexible trade agreement a clean bill of health. That's a problem new laws now being promulgated are designed to overcome by making it clearer to Chinese managers what they have the authority to actually decide in a joint venture negotiation.

Meanwhile, traders must cope with the verities of an atomized decision-making process in a cen-



tralized economy.

China's great successes so far have been to build a huge cash hoard of foreign exchange with its export drive and to open the world's largest untapped consumer market to itself, by letting its own people keep some of their cash and by making things those people want to buy with their new found wealth – especially color televisions, refrigerators, electronic gadgets and stylish clothes. According to a report on China's investment goals for the upcoming Seventh Five Year Plan (1986-1990) in *China Briefing*, published by the Area Office China of the Hongkong Bank, "Ending years of suspense – and, apparently, internal debate – the

State Economic Commission said that China will spend US\$14.2 billion of its hard currency reserves to purchase 4,820 pieces of advanced technology between 1985 and 1987."

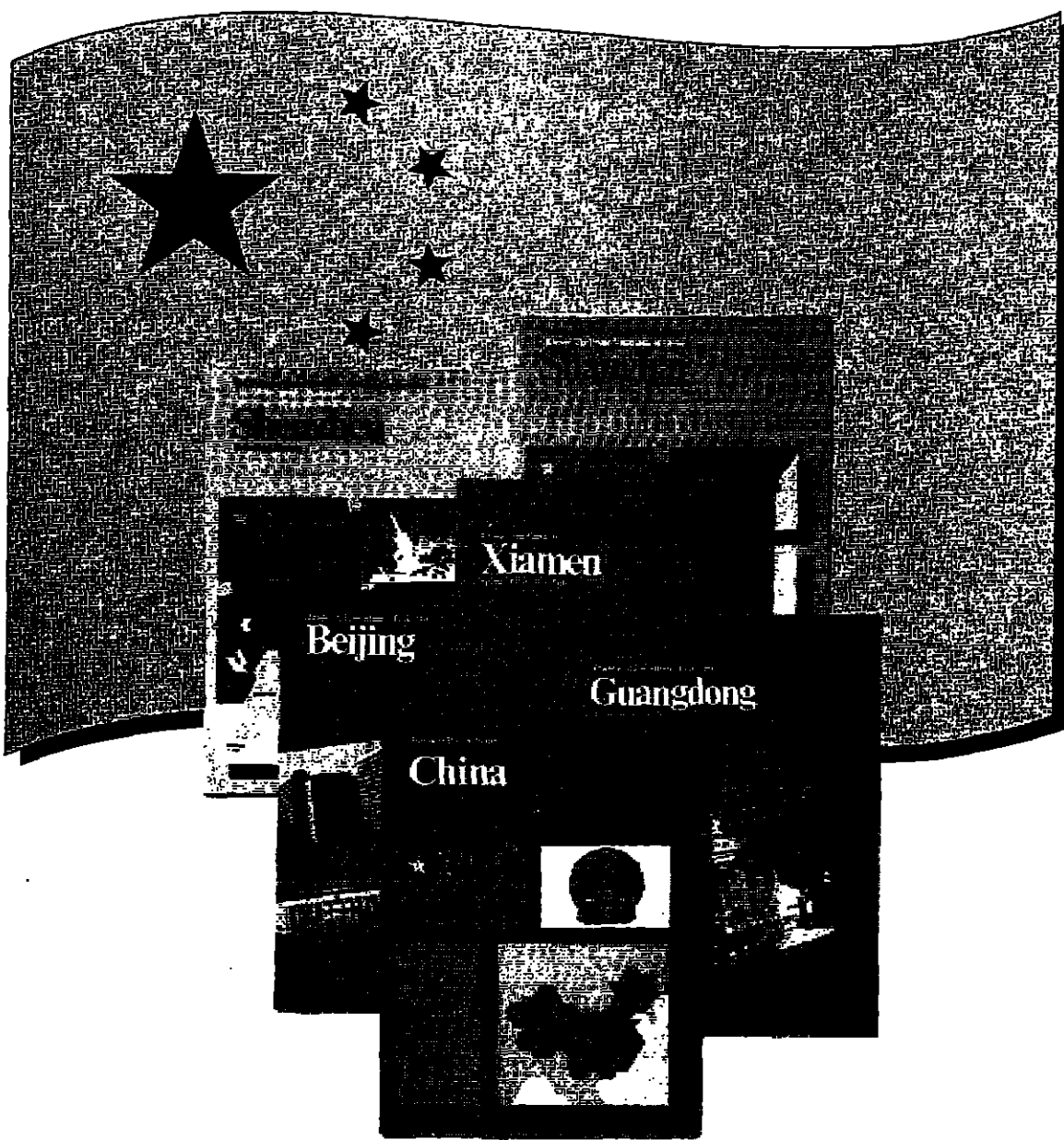
Having made the most of trade surpluses, tourism earnings and overseas remittances, China plans to put its money to work in an effort to upgrade the technology of existing enterprises. According to the Bank report, this was a contested decision: "The conservatives or fortress boarders within the government have argued that the reserves should be held for future energy development. But it appears that the spenders have won out and the

funds will go toward more immediate needs.

Including the forex reserves spending, China plans to invest the equivalent of RMB 90 billion yuan on upgrading its industries in the next three years. Compared with the total spent on technical upgrading in the five years from 1979-1983, of RMB 106.5 billion, this new figure represents a huge increase and signals a strong new tack in China's economic planning."

As a report in the *China Daily* said: "Now the picture seems clear. In the next five years, China's investment priority is to modernize its industrial enterprises." And for Western exporters and investors, that means business.

Discover China



China's modernisation is re-opening opportunities for Western technology to serve the needs of an enormous market. Getting business in this market is no easy task. It calls for the guidance of an organisation where speed of decision and modern technology are backed by a century of experience in the China trade – it calls for Hongkong Bank.

By contacting Hongkong Bank you can gain immediate access to the full range of international banking services from loan syndication, long-term financing and joint ventures, to detailed trade documentation.

Our Area Office China, based in Hong Kong, can advise you on strategy and tactics for approaching the new market, and our publications on China and the various cities pictured are just one example of the specialist information we can provide. You may

contact us at any of our following offices:
Beijing Representative Office
Suite 149, Jiaoguo Hotel, Jiaoguo Road, Da Jie, Beijing. Tel: 501074 (Direct), 502233 Ext 145, 147, 149.
Shanghai Branch Office
185 Yuan Ming Yuan Road, Shanghai. Tel: 218383.
Guangzhou Subordinate Representative Office
Room 1363-1364, China Hotel, Office Tower, Liu Hua Lu, Guangzhou. Tel: 63388 Ext 1363.
Shenzhen Representative Office
Room 414-415, 4th floor, Friendship Commercial Bldg., Jiao Shi Lu, Shenzhen. Tel: 58016.
Xiamen Representative Office
Room 1202, The Overseas Chinese Mansion, Nan Hua Road Central, Xiamen. Tel: 25690 (Direct).
Area Office China
23rd Floor, Admiralty Centre, Tower 1, Harbour Road, Hong Kong. Tel: 5-8228333.

Hongkong Bank
The Hongkong and Shanghai Banking Corporation
Marine Midland Bank - Hongkong Bank of Canada - The British Bank of the Middle East
Hongkong Bank Limited - Wharfedale Limited
Fast decisions. Worldwide.
CONSOLIDATED ASSETS AT 31 DECEMBER 1984
EXCEED 1,000 BILLION

The Great Leap Crosswise – An Everbright Year in China

1984 was the first full year of operation for Everbright Industrial Company in Hong Kong, a company formed "to do something horizontal" that will nudge more investment openings into the rooms behind China's "open doors" says Fang Zhenping, its public relations manager. Everbright's Chairman, Wang Guang Ying, and about a third of the 75 corporate staff members here came down from Beijing where the company was conceived. Another 175 staff members run four offices in China.

What does Mr. Fang mean by horizontal? Basically, Everbright seems designed to jump into the economic valleys between formal goals of government trading and financing bureaucracies. For instance, three organizations in Hong Kong – China Merchants Steam Navigation Company, China Resources and Bank of China – represent Fang's idea of "vertical" organs for implementing state economic policy. Another such organization is the China National Technical Import & Export Corporation, which takes invitations for bids and mostly handles projects in the central government's "five-year plans".

"Everbright projects would normally take several years to develop," notes Fang. Ever-

Kong and a project in Yuen Long, on Kowloon peninsula.

They also maintain offices in mainland cities via a separate corporate entity, Beijing Everbright Industrial Company, with offices in Wuhan, Guangdong, Tianjin and the capital. Early this year, the Beijing affiliate signed a 4-way venture contract with Burroughs Corporation in Yunnan province which calls for assembly, distribution and maintenance of small business computers. Press reports put its value at over US\$20 million.

"In the past year we have already been in contact with over 1,000 companies worldwide," asserts Fang. Although Everbright suffered something of a black eye when it retreated from a large Hong Kong property deal last year, its fast lane development efforts are still impressive. Chairman Wang Guang Ying first came to Hong Kong in April 1983. By August, he'd formed Everbright.

"We have had a ninefold increase in contracts signed over 1983," says Fang, "with

370 contracts signed in the last year, we have averaged about one contract per day." He puts their total value at about US\$3391 million. Given that 1984 was the company's first full year of operation, Everbright was certainly in overdrive, even if China's general "open door" contract progress seemed stuck in low gear.

By way of an annual report, Fang Zhenping sketched the following profile of Everbright's major involvements in 1984, broken down by six regional development projects, (Total Value US\$410 million), 11 investment or joint venture projects (total value US\$110 million), and 10 cooperative agreements with provincial or municipal authorities on power plant projects. Fang says they are working on some of these projects with Kumagai, who built the first Hong Kong Cross Harbour Tunnel and Mass Transit Railway and Kajima, which has a reputation for quality highrise building construction.

Noteworthy is the Zhuhai (SEZ) land reclamation of 170 sq/km (200,000 Chinese mu) work, underway and expected to have 20,000 mu reclaimed by early March. End 1985 goal is 60,000 mu. Sea depths vary and the deeper parts will be turned to ponds for fish and shrimp farms.

This project is at

Continued overleaf

Guangdong Native Produce Exporters poised for growth in Pearl River Delta Region Plan

Guangdong's Governor, Liang Linggang announced early this year that a conference in the new Pearl River Delta Open Coast Economic Zone will be held this April or May - perhaps modelled on the recent 14 open coastal cities symposium held in Hong Kong last winter. Conference participants from the mainland will come to Hong Kong with a shopping list for an undisclosed number of projects. Plans for opening the hinterlands of Guangdong province along the Pearl River put the Guangdong Native Produce Branch of the China National Produce and Animal By-product Import and Export Corporation at the center of change in Chinese trading practices.

Founded in 1953, the Guangdong Native Produce Branch comprises various areas of activity: with an annual income reported to be US\$30 million. They are: Native produce; Sundry foodstuffs; Chinese crude drugs and parent medicines; Forestal products, divided in to the making of incense, mosquito coils, candles, fireworks, firecrackers, etc.; bamboo products and wooden wares; gold fish; flowers; birds; bird cages and essences. The corporation also manufactures small metalwares, mainly kitchen utensils. China National Native Produce and Animal By-products is a nationally-run trading company with over 20 subsidiaries and customers in over 140 countries.

While 'Sailing Boat' brand gum rosin and 'Double Happiness Brand' candles lack the drama of blast furnaces flaring in turnkey steel mills or the like, they are among the thousands of

heartland products that stand to be most dramatically affected by the new delta zone policies - which specifically indicate that enterprises at all levels - including private



Bamboo Products Hall, Guangzhou Exhibition Center, Autumn 1984.

Photo: Xinhua News Agency

traders and peasant households - may be granted independent export authority.

Guangdong's Governor has already indicated that the new zone will concentrate on the production of commercial crops and animal husbandry, and is intended to become a key area for food processing. This also complements the

medicines and Chinese crude drugs; and various Chinese spices and essential oils.

Rules for foreign investment are likely to come out of the sessions this Spring, but at a major Beijing conference in January Governor Liang stated that the opening of the Pearl River Delta to foreign investment would come in stages, beginning with six cities and ten counties adjacent to them. The six cities are Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, and Zongshan. The ten counties are Panyu, Zengcheng, Nanhai, Shunde, Xinhui, Kaiping, Taishan, Dongguan, Bacao and Doumen. Eventually, he was reported to have said in a Xinhua news dispatch, the cities of Huizhou and Zhaoqing and 14 counties adjacent to them will be included.

Though there have been few reports on the topic of the new delta zones in the international media, Hong Kong's Chinese-language *Wen Wei Po* waxed ecstatic in an early January editorial that followed the Beijing conference. They described a future urban sprawl along both banks of the Pearl River delta that resembled Los Angeles as a kind of megalopolis, with Hong Kong as its 'window' to the world and surrounding hinterland market of some 200 million people.

Though, as of early March, there was no official word from Beijing on the creation of the three new delta zones, State Councillor Gu Mu, China's open policy spokesman, was reported by Xinhua news agency to have said that the whole coast of China will

Continued from previous page

The Great Leap Crosswise

Modaoen, the second largest estuary of the Pearl River and long silted. "This is the biggest project of its kind in China, possibly in all of Asia," asserts Fang Zhengping. As he describes it, nine out of every 10 years several million mu of farmland are inundated during rainy seasons. Dredging the estuary for fill will make it navigable for larger shipping and offer flood plain protection to the upper and middle reaches of the river delta. Presently the project works on a 3½ year completion target.

A key question, says Fang, is whether provincial authorities will find it worthwhile to speed up the work. Local people have been reclaiming land along the river for centuries, but larger equipment would considerably speed the process.

be opened to foreign investment. Though he could provide no details on investment provisions for foreign firms interested in the Pearl River Delta zone, Guangdong's Deputy Director of the Provincial Foreign Economic Relations and Trade Commission, Feng Xuebin, told reporters for Hong Kong's Chinese-language newspaper, *Wen Wei Po* that the new zone will grant export privileges to a broad range of local enterprises including private traders and peasant households engaged in producing foodstuffs for export. He was in Hong Kong during a visit of the provincial trade commission.

Reclaimed land on the Zhuhai site is intended for growing sugar cane. Everbright means to build a cane refinery and packaging plant for making sugar cubes and table bags. Fang says they may also build a paper mill to use the bagasse of the refinery if coal is available as a power fuel source. Fruit orchards and agricultural farms are also planned.

Everbright also undertakes to develop the Beiling Industrial Estate in Zhuhai (SEZ). Fang claims to have already identified about 20 American investor companies for the 4 sq/km estate, which is intended for high technology/low pollution applications.

Wang Guang Ying is also the "honorary chairman" of the Nantou oil support service corporation in Shenzhen

(SEZ), which intends to build a 38 sq/km industrial estate but has yet to develop the plans.

Fang notes that joint venture project structures are either 3-way programs that include a mainland authority, foreign investor and Everbright or 2-way programs done directly with mainland authorities.

Among the projects are: The Wuhan Brewery set up together with AMS Company, West Germany. Under the brand name *Spartan*, 50,000 tonnes a year will be produced, part of it for export. An insulated glass factory in Shenzhen (SEZ) has been arranged in a 3-way agreement with Chinese partners. The Shouguang taxi company in Beijing will be supplied with vehicles in a 2-way agreement with Shoudu (Capital) Taxi Co.

Fang notes that there have been no foreign contracts signed yet in the 10 cooperative power plant

agreements, but many companies have sent technicians for site studies. Toshiba, Hitachi and IHI from Japan; GEC and NIE from the United Kingdom. He says the Japanese groups have an advantage due to their association with the Mitsui Marubeni and Sumitomo trading companies who market Chinese products in Japan to raise foreign exchange, and have assurance of government-backed low interest loans.

Everbright announced plans for power supply agreements shortly after serious winter electricity shortages were predicted by October by the weekly *Peking Review*. Citing the Ministry of Water Resources and Electric Power, "The country is currently short of 10 million kw of the required electricity generating capacity and 4 billion kilowatt hours of electricity," the report said. China is reported to have 170 generating plants, with capacities of over 100,000 kw and another 4,300 facilities that can turn out at least 50 kw. The report noted that 46 projects given priority by Chinese leaders in 1984, 2 involved production of electricity. Earlier reports in the *China Daily* underscore the problem. They claim that 40 per cent of rural households had no electricity and most villages are short of fuel for at least two months every year. They also estimated that one machine out of every five in China is idle for lack of power.

Chinese leaders have decided to invest in nuclear energy and plans for 10 plants have been drafted, though only two are included in the sixth five-year plan (1981-1985); one at Daya Bay near Hong Kong and the other, at Qinshan in the eastern province of Zhejiang. The ambition is to achieve a generating capacity of 10,000 mw from atomic power by the year 2000.

Wang Guang Ying - Everbright's Ebullient Chairman

Wang Guang Ying, 65, is China's most prominent capitalist abroad. He is chairman of China Everbright Holdings Company Limited, China's first privately registered business in Hong Kong since the 1949 Revolution. Wang is certainly not China's only capitalist, but he is the first to act like one.

From his 39th floor corner office suite overlooking Victoria Harbour and Kowloon, chairman Wang oversees a staff of 75 and the fruits of his wheeling and dealing. In a little over a year, Wang has managed to get Everbright involved in a variety of projects worth an estimated US\$900 million.

China under Deng Xiaoping decided to industrialise - and fast. Old-time capitalists like Wang Guang Ying, who was called a "red capitalist" by Premier Zhou En Lai are back in vogue.

Wang is tailor-made for the job of facilitating East-West business ties. He is also well-connected, having married the sister of China's former head-of-state Liu Shao-chi. Current Premier Zhou Ziyang, a confidante of Wang's, helped Everbright get established in record time. Beijing also apparently gives the young company all its support.

Since people find the present policies very good, no one wants to change them. Certainly the longer Wang Guang Ying stays in town, the harder it will be for China to look backwards.

Guangzhou gets its First Fashion Show from China National Textile

While the music was the same, it was a 'Love Story' of a different sort that was enacted on the Guangzhou stage in March. It was a celebration of the changes that have swept China since the 'open door' policy to the West was initiated in 1979.

Models paraded 107 garments over the evenings of March 1st and 2nd - to the beat of music from the 1960s, the latest Cantonese pop songs and before packed houses in the 1,600-seat music hall opposite the Guangzhou railway station. It was the first fashion show ever staged by the Guangdong office of China National Textile Imports and Exports Corporation, co-sponsored with the China Silk Corporation.

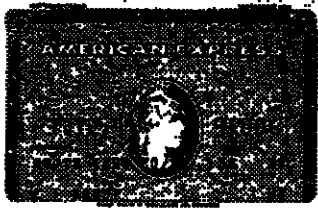
And its purpose was not even to boost sales, it was just for fun. According to company spokesmen, it was presented as entertainment for the citizens who may now buy and wear some of their fashions from Hong Kong and local designers; and a kind of corporate fashion statement that the 'Liberty Uniform' - those drab blue or grey tunics and trousers out like Western pajamas - is a thing of the past.

Besides improving the quality of Guangzhou nightlife and giving amateur singers and models a chance to practice, the event was a

way for China National Textile to parade its stuff before an audience it has long ignored: its own domestic market. Since 1952 the company has built its reputation with foreign buyers. It has its own quota to the United States and Canada and its cotton towel bedding and clothing produced in over 16 factories, by 5,000 workers spread throughout the province. Its 'Plum blossom children's clothing is said to be in great demand worldwide.

For two days in March 3,200 people in Guangzhou had their consciousness raised about the concept of fashion itself, in an environment of leisure and with the promise of a lucky draw prize. The prize for the local winner was only a blouse, but for China National Textile the prize was an introduction to the world's largest untapped market for personal apparel and the happy recognition that many of tomorrow's buyers may be the people right next door.

American Express® Keeping pace with China's growth



As China grows, so grows American Express to offer you more and more services to make your travels easier.

For instance, the American Express Card, the world's most prestigious charge card, is warmly welcomed at an ever growing list of fine establishments. The Card also puts a host of financial services in China at your disposal.

Emergency Cheque Cashing

Should you need extra cash while travelling in the PRC, just bring your personal cheque and the Card to the Bank of China. You'll find branches or sub-branches in most of the important cities. Your cheque will be cashed on the spot.

Travelers-Cheques

Cardmembers can purchase American Express Travelers Cheques at branches of the Bank of China in Beijing, Nanjing, Guangzhou, Shanghai, Qingdao, Shijiazhuang, Hangzhou and Tianjin. American Express can also arrange the refund of lost Travelers Cheques.

Our Beijing Office is there to help

If you need any help, advice or information you can contact us at Room 1527, Peking Hotel, Beijing. Telephone: 553849, or Telex: 22426 BHCTL CN.

The American Express® Card. Don't leave home without it.



Made of real leather in many colours, fashionable & durable. Orders for ready-made or custom-made welcome.

China National Native Produce And Animal By-Products Imp. & Exp. Guangdong Animal By-Products Branch No. 48, Shamian Nape, Guangzhou, China Tel: 84155 Cable: "BYPRODUCTS" Code: "ACME" Telex: 44173 (6485)

Wuhan off...
Kong Bank...
hinterland

Guangdong Province...
Cutting Edge of the...
Open Door

China National Machine...
Light Industry

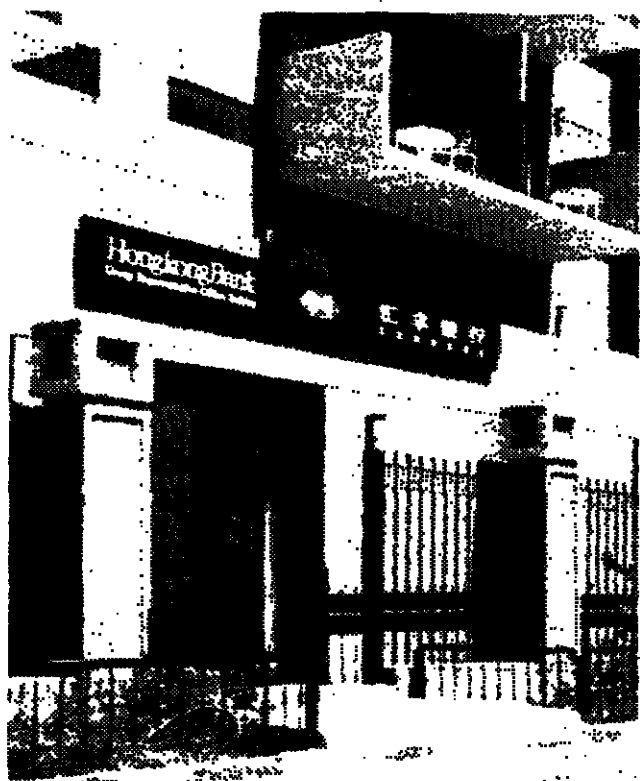
ae...
AERONAUTICAL...
AND SPACE...
THE MOST COMPREHENSIVE...
RANGE OF...
AND MILITARY...
PRODUCTS

كلذا من الأصل

New Wuhan office positions Hongkong Bank for China's hinterland thrust

HONGKONG Bank is scheduled to open its new Wuhan office next month, and a spokesman for their Area Office China says river coast cities like Wuhan are another stage in the Chinese government's "trickle-in" approach to rationalized development. According to current Bank thinking, the PRC has turned around Mao's concept of dispersing influence from the cities. This was based on relief that too much investment had gone to cities to the detriment of the vast hinterland. Now, under Deng Xiao-ping, the government is back to noting cities - as exemplified first by the Special Economic Zones cent to the major coastal cities of Guangzhou and Xiamen and then by the opening of 14 coastal cities to foreign investment.

They are deliberately turning urban investment to fit the hinterland this," said a Bank officer. Cities are again getting attention; but they are coastal cities to the outside and means to exercise a sort of "leap-frog" theory of development. Wuhan is one of three inland cities that have given unusual discretionary powers. Other cities are going further up the Yangtze River in Sichuan and Yang in the northeastern province of Liaoning. Wuhan is usually a conurbation of cities with about five million people and it, with the two municipalities, serves directly to the central government, which makes it the economic equivalent of Shanghai or Beijing. They are test points for the experiment of change coming over from the coastal cities on the sea and the Hongkong Bank means to its leadership in China.



Hongkong Bank in Beijing.

by opening its sixth office in Wuhan, about 1,200 kilometers south of Beijing and west of Shanghai. Their banking license is already approved and the representative office will be well-positioned to help provincial authorities in their attempt to restructure trade apparatus and develop joint ventures; mainly to service the domestic economy.

Wuhan is Hongkong Bank's first interior office, in neither a front line coastal city nor Special Economic Zone. The river port is a communications and commercial center for neighboring provinces, especially Hubei. It is also a manufacturer of iron and steel, textiles, precision machines and a center for processing foods from the fertile plain which surrounds it.

Development with Western involvement is not new to Wuhan, which when first opened was a larger port than Shanghai. In fact, Hankow, one of the three Wuhan cities, was one of China's largest trading ports before 1949 and there remain many Western-style buildings. It had some 42 foreign consuls and was one of the original "treaty ports" of the 19th century.

"Our banking network in China takes account of the economic area going ahead," said Bank spokesmen. "The Wuhan office puts us two ahead of all the other banks in China. The people here were very welcoming, and provincial authorities very professional. We see a lot of potential there."

Wuhan's biggest drawback is the extremes of its climate. Though a beautiful city with

about 80,000 hectares of lakes and an "East Lake" five times the size of Hangzhou's famous West Lake tourist draw, Wuhan is called one of the "three furnaces" of China. Summer temperatures can reach 40 degrees Centigrade and drop to minus-five degrees in winter. Ironically, its gorgeous lakes make it humid and more uncomfortable.

Founded in China in the 1860s, the Hongkong and Shanghai Banking Corporation floated the country's first public loan in 1874 and has been assisting in China's development projects ever since. Even after 1949 and through the troubled period

of the Cultural Revolution, the Bank's Shanghai branch was always permitted to remain open and conduct business - a testament and measure of its special status in China. Today, its Area Office China employs 20 staff and coordinates activities in Shanghai, offices in Beijing, Guangzhou, Shenzhen and Xiamen (the two latter with Special Economic Zones), and shortly in Wuhan. Its 300 branches in Hong Kong also finance a significant share of the estimated 20 per cent of China's total international trade which is channelled through Hong Kong annually.

Actually, Hongkong Bank

pioneered the very concept of banking in many Asian countries. It was literally the first bank in Thailand, the first Western-style bank in Japan and has always sought to provide better banking services for world trade by opening offices in the world's main ports. A check of the Bank's present 1,000 offices worldwide shows how thoroughly this "ports first" policy was followed. Small wonder that it's so well suited to coastal cities' operations in China and so well understands the requirements of world traders. For instance, it is also the oldest British-run bank operation in New York, France and Germany.

By dint of its own expansion and acquisitions of banks in the Middle East, Hong Kong and the United States, Hongkong Bank has become more a federation of banks than a single mammoth unit. The 20th largest bank in the world in terms of deposits is actually a group of banks, structured so that its various members retain their autonomy, identity and ability. The Bank expects that "officers take their own decisions, and notify rather than seek permission from head office". 45,000 staff members in 54 countries are linked for international requirements and unhampered in serving the needs of their local clients.

Guangdong Province is the Cutting Edge of three different 'Open Door' Zones

China National Machinery is the Light Industry leader

Chinese government officials have created a third kind of special economic area - Open Coastal Economic Zones - in three river delta areas of the country, adding the Pearl River. That makes Guangdong province the single most "open" area of the People's Republic of China. Of the original four special economic zones, three are in the province: Shenzhen, Zhuhai and Shantou (Swatow). Guangzhou (Canton), capital city, ranks fourth among Chinese cities in all commodities accounts and in export trade amounts and is one of the 14 designated "Open Coastal Port Cities" introduced late last year. In addition, it is the major processing center for products in Hainan Island, which was also opened for economic activity at the time.

At the center of Guangdong's light industrial output which, according to Guangdong Deputy Mayor Anhui, accounts for 7% of total industrial output value in the province also ranks fourth in the country, is the China National Machinery Import & Export Corporation's Guangdong branch (CMG). Established in 1956, they have almost 30 years of experience in international trade with its from over 100 countries worldwide. CMG views cut across a wide range of manufacturing sectors. They deal in the import and export of machines and equipment for complete plants, specific application machinery, ships and vessels, hand tools, farm implements machinery, electrical products and so on. Guangzhou alone has a workforce of almost 800,000 in over 4,000 industrial enterprises. The city's shipbuilding industry ranks third in the nation, and its ships have entered the international market. It accounts for the processing of

12% of the nation's nonferrous metals and its total export value of rubber ware ranks second in China.

CMG deals in the export of machinery and instruments manufactured by machine-building enterprises throughout Guangdong province. It handles the introduction of technology, coproductions, joint ventures and the import of machinery, equipment, instruments, parts, components and raw materials needed by provincial enterprises. It also undertakes trade practices such as processing with supplied drawings, samples and materials and sub-assembly, compensation trade, technical service and labor export projects.

There are few things that CMG does not handle. Following is a short list of complete plant machines and equipment now available for export: sugar cane refinery (including multi-utilization equipment), paper making, cereals, oils and foodstuffs processing machinery, equipment for making toilet soaps, production lines for the complete enclosure of paper-case pasted dry cells, complete equipment for making mosquito-repellent incense, equipment for production of various chemicals, marine equipment, construction machinery, rub-

ber-making machinery, cotton textile machinery, packaging machinery, ships' iron blocks, semi-trailer containers, electrical machinery, oil pumps, clean water pumps, fire extinguishers, hand tools, orchard and garden tools.

Guangzhou is a collecting and distribution center of goods in South China and is one of the three largest financial centers in China. Situated at the estuary of the Pearl River, it is also a communications hub in the region. Its links inland are by a criss-cross network of waterways and highways. It is the starting-point and terminus for railways to Shenzhen, Beijing, and Sansui. Its ocean-going vessels call at over 350 ports in over 100 countries and regions of the world. Baiyun International Airport in Guangzhou has airlines to large and medium-sized cities in China, and direct connections with Hong Kong, Bangkok, Manila and other cities in the region. Huangpu Harbor and Guangzhou Harbor handle 22 million tons of goods per year, with another 16 million tons handled by rail. Goods imported and exported through Guangzhou ports account for 10% of the national total and the city ranks as one of the four biggest ports in China for foreign trade.

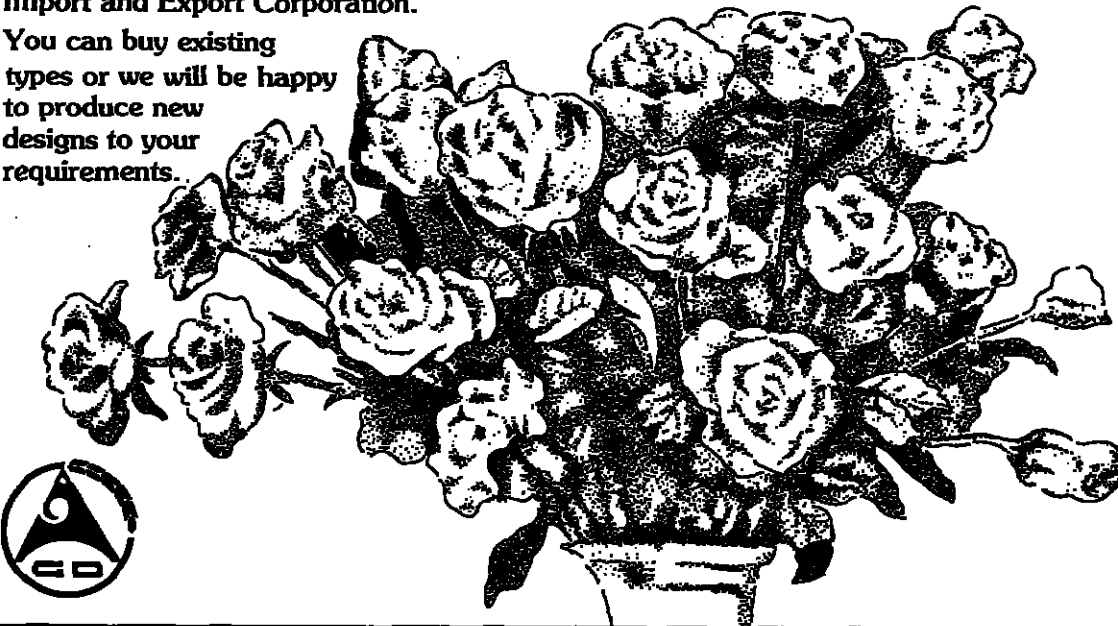
Everlasting Flowers

The creation of elegant flowers made from silk and other materials is a traditional art-form in China.

Now you can buy artificial flowers direct from the largest manufacturer in China, China National Arts & Crafts Import and Export Corporation.

You can buy existing types or we will be happy to produce new designs to your requirements.

Contact:
CHINA NATIONAL ARTS & CRAFTS
IMP. & EXP. CORP.
GUANGDONG BRANCH
2, Quio Guang Road, Guangzhou, China.
Cable: "ARTCANTON"
Telex: 44379 KCACB CN



GUANGDONG TEXTILES FOR EXPORT

MAIN LINES OF BUSINESS:

- Cotton Yarn
- Linen Fabrics
- Linen/Polyester Fabrics
- Staple Fibre
- Cotton Garments
- Cotton Linen
- Embroidered Blouses
- Cotton Knitwears
- Cotton Manufactured Goods, Towels, Bed Sheets & Threads, etc.
- Cotton Piece-Goods
- Cotton/Polyester Fabrics
- Cotton Linen Mixed Piece-Goods
- Staple Fibre Piece-Goods
- Woollen Wears
- Children's Wears
- Chemical Fibre Mixed Garments
- Cotton, Chemical Fibre Mixed Knitwears

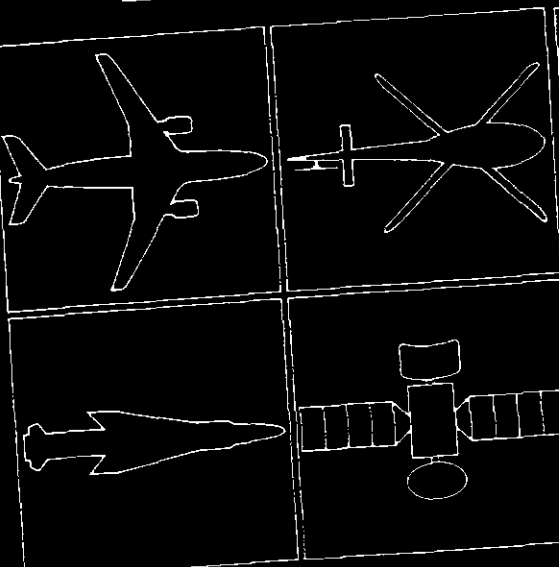
Business enquiries and orders for custom-made garments in compliance with supplied samples, comprehensive business and joint ventures are welcome.

China National Textiles Imp. & Exp. Corp. Guangdong Branch
63, Wenming Road, Guangzhou, China
Tel: 31750 Cable Add: CANTEX GUANGZHOU Telex: 44071 KTTX CN

aerospatiale IS MORE

AERONAUTICS
AND SPACE:
THE MOST COMPLETE
RANGE OF CIVIL
AND MILITARY
PRODUCTS

Airplanes
Helicopters
Tactical missiles
Space
and ballistic systems

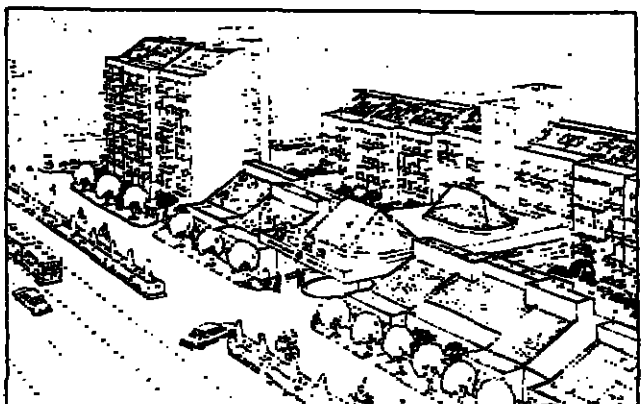


aerospatiale
37, bd de Montmorency
75781 Paris Cedex 16 - France

'Emulate Beijing's Jianguo Hotel,' Hotel Managers told at Tourism Conference

Fifty managers of top state-run hotels in China were told they should improve standards in their hotels, "by emulating the methods of Beijing's Jianguo Hotel, the first in the country to meet international standards." In 1984, the Jianguo was also referred to as a good example of how Western management ideas and techniques can be successful in China. The hotel is managed by Hong Kong's Peninsula Group, the oldest and among the most respected hotel management companies in Asia and the first foreign hotel company to manage a new international-style hotel in the People's Republic of China.

Well located in an area of offices of over 30 international diplomatic missions, and corporations and the commercial section of the



This artist's impression shows the main entrance and atrium skylights that give a garden atmosphere to the Jianguo Hotel's lobby. The hotel's tower has 310 guest rooms and its lower building complex has 145, including suites.

American Embassy, the 454-room Jianguo was designed by the overseas joint venture partner, American architect and property developer Clement Chen Jr. and provides all state of the art hotel facilities including an indoor heated swimming pool, boutiques, banquet facilities, and three restaurants serving Cantonese and other foods, a cocktail lounge and coffee shop.

Its food and beverage outlets are key indicators of quality to foreign Beijing residents and, always alert to market trends, the management decided to open a top quality Japanese restaurant late in 1983. The 'Nakabachi' restaurant on the hotel's ground floor was designed under direct supervision of Japanese management for authenticity and its kitchen is staffed by Japanese chefs.

Western delicatessen foods were well nigh impossible to come by before the Peninsula Group decided to open its 'Gourmet Corner,' which carries home-made breads, pastries and cakes in addition to cold cuts, home-smoked trout and imported cheeses. The famous Peninsula

chocolates are hand-made in the hotel with quality ingredients flown in from Switzerland and, twice weekly, the hotel's master chefs prepare a selection of *paat* and *terrine*. That the 'Gourmet Corner' would be a smashing success with expatriates was a given fact, the surprise was how popular it's become with local Chinese anxious to sample such exotic fare.

The Jianguo management means to keep their hotel at the top of the national ratings. One way it expects to do so is with continuous staff training in a center to be incorporated in new staff quarters now under construction. The hotel has also recently sponsored three staff members to study on a one year scholarship grant all aspects of hotel management at the Hong Kong Polytechnic. The hotel is also undergoing continuous refurbishment. They are now redecorating guest rooms under a phased program that allows for closing several rooms at a time over a number of months.

Training for service, redecorating for comfort, adding in food and beverage outlets for quality and innovating new services for convenience are four of the ways in which Peninsula Group management has built its reputation for excellence. This last, new service, is exemplified by recent introduction of a Valet Shop that provides expert dry-cleaning services available even to those who are not hotel guests, and a one-day Kodak film developing and printing service.

AMEX pioneers Consumer Financial Services in China

"We are pacing China's growth. We're trying to provide services for tourism and business at the rate of China's expansion and ability to absorb them," says Richard Weden, Vice-President of American Express travel and card related services in the Far East, Pacific and People's Republic of China. Weden has been based in this Hong Kong posting since December 1983, when there were only three cities with about 14 service establishments accepting the card, mostly in Guangzhou.

Dick Weden is clearly proud of his 15 months spent building the China base of operations and services to American Express Cardmembers. "You can sleep, eat, drink in acceptable Western-style hotels in about 18 cities throughout China. We have about 150 affiliated establishments currently and expect close to 300 by the end of the year."

American Express has been in Beijing about three years, and has its representative office at the Peking Hotel.

They came to China under the auspices of the National Tourist Authority (N.T.A.), which is under the China International Tourist Service (C.I.T.S.). Initially they operated only in an advisory capacity to the government and as a liaison office for groups coming into China. Even now, the only group tours sold directly by American Express come out of New York City and tally to about 3,000 passengers a year.

Weden's strategy involves four simultaneous tasks: convincing high government officials that some American Express policies are inflexible, such as negotiating his way out of surcharges on card use by members that apply to all other card holders in China; conducting expense-paid seminars for operators of hotels and restaurants and Bank of China officers in the provinces to introduce the philosophy of credit cards and financial services; beating

the bushes to expand the service establishment base of American Express in China; enlarging the size of the Beijing Office to offer more comprehensive services to tourist groups and business people.

Direct Purchase Service

"Yes, you can hand your American Express Card to a waiter and pay your bill in a hotel restaurant accepting the card," affirms Weden, who adds that, "We still recommend you bring more travelers' checks than usual for travel to China." Lack of card acceptance and, most loudly, the indirect surcharging of card use by Chinese establishments has been a complaint of foreigners doing business there.

American Express forbids surcharging on their product, but the Chinese require a cash advance system be used by all other cards in the country. Until last December, anyone hoping to use a card other than American Express had to go to a special counter in their hotel to make an advance in the amount of their bill. They

could not simply hand a waiter their card and sign a check. Besides being troublesome, it was expensive. Chinese bankers charge four per cent of the total withdrawn for the service. Special hotel counters have since been removed and now only one bank per city is allowed to make such transactions.

This simplified banking practices, but did little to make life easier for card users. American Express bypassed the cost to customers itself by paying a fixed fee of US\$6 per check; which also allows for "direct purchase service" to their cardmembers. That is a euphemism for being able to use the American Express Card for direct payments, without the complications of the "cash advance" system.

Financial Service Seminars

Richard Weden is a builder. In the most recent issue of *American Express News*, a members newsletter published in Hong Kong, he is quoted as saying, "I consider my job to be one of building local operations that can be

run by local people; of conducting American Express operations in a way that is locally meaningful. In that way when I move on, I can leave behind me a bit of philosophy not just about American business, but international business, which allows for a contribution to the country and its people."

Acting on his belief in developing local talent, he hired the former director of the cultural education program at Hong Kong's well-regarded Baptist College, Thomas Lok. Lok is now the director of American Express operations in Beijing. Putting an educator in the driver's seat was preparation for the seminars series that began in August 1984. So far four have been held in Guangzhou, Wuhan, Suzhou and Shanghai; attended by about 450 people. Those that relate to affiliate feature little signing ceremonies at the end with presentation photographs of managers from new service establishments.

The seminars are the basis upon which Weden claims "We are in the forefront bringing the very concept of financial services and philosophy of credit cards China. We pay their expenses to attend these sessions. We have invested the money at the time for this and are definitely the leaders here." Seminars are critical adjuncts expanding card acceptance since all such agreements signed in conjunction with local branches of the Bank of China and administered

Prospatiale H...
tied to Offsh...
Technology Tra...
Sales I...

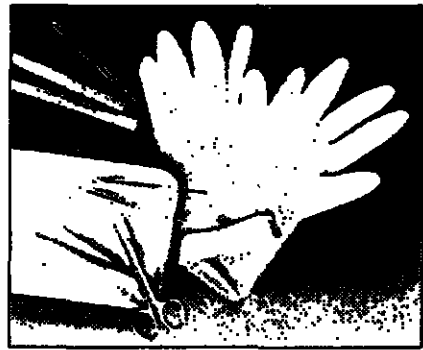
Your reliable source in China for medical and pharmaceutical supplies, production, export and import ventures.

OUR MAIN LINES OF BUSINESS:

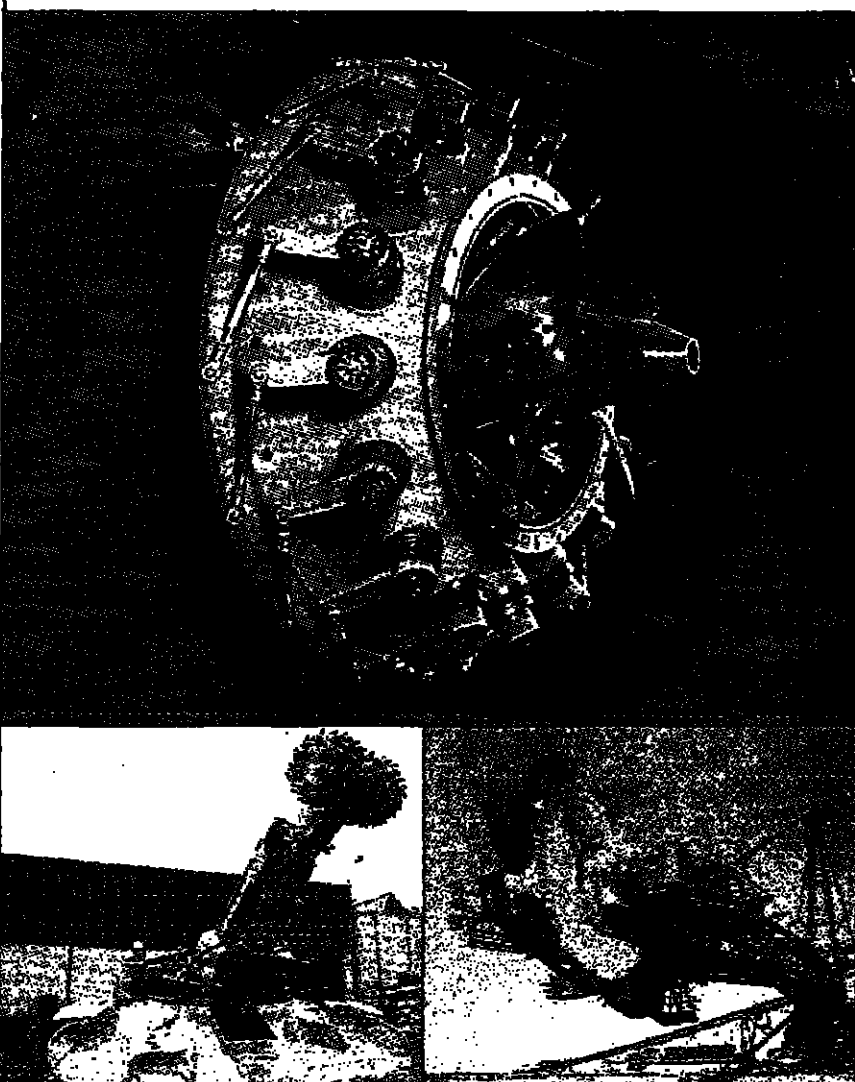
- Medical materials
- Medical preparation
- Medical establishment
- Clinical dressing
- Clinical gloves
- Western & Chinese patent medicine

Talk to us about your market needs and quality control standards.

CHINA NATIONAL CHEMICALS IMP. & EXP. CORP.,
GUANGDONG BRANCH
(MEDICAL SUPPLIES)
61, Yanjiang Road (West), Guangzhou, China.
Cable: "SINOCEMIC" GUANGZHOU
TELEX: 44376 HAGON CN



VOEST-ALPINE Finished Products Division: WORKING TO YOUR ADVANTAGE



The Finished Products Division of the VOEST-ALPINE AG has at its disposal a workforce and capabilities, which allow it to rightly claim a position among the international market leaders.

These capabilities are concentrated in seven market sectors, namely:

- Energy
- Mining Technology
- Transport and Handling
- Machining and Processing
- Building Engineering
- Environmental Protection
- Services.

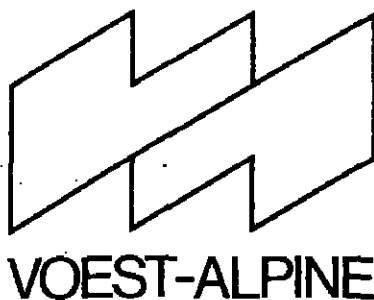
The Division's intensive engagement in these market sectors encompasses a customer-orientated, improved range of machinery and equipment. Furthermore, by linking individual components to systems, Finished Products is able to offer a compact package of hardware and software, supplemented by services, thereby optimizing operations. The aim of which is to help ensure market leadership for our customers, too.

VOEST-ALPINE FINISHED
PRODUCTS DIVISION: WORKING
TO YOUR ADVANTAGE

If you wish to know more about us, write to us or give just a call.

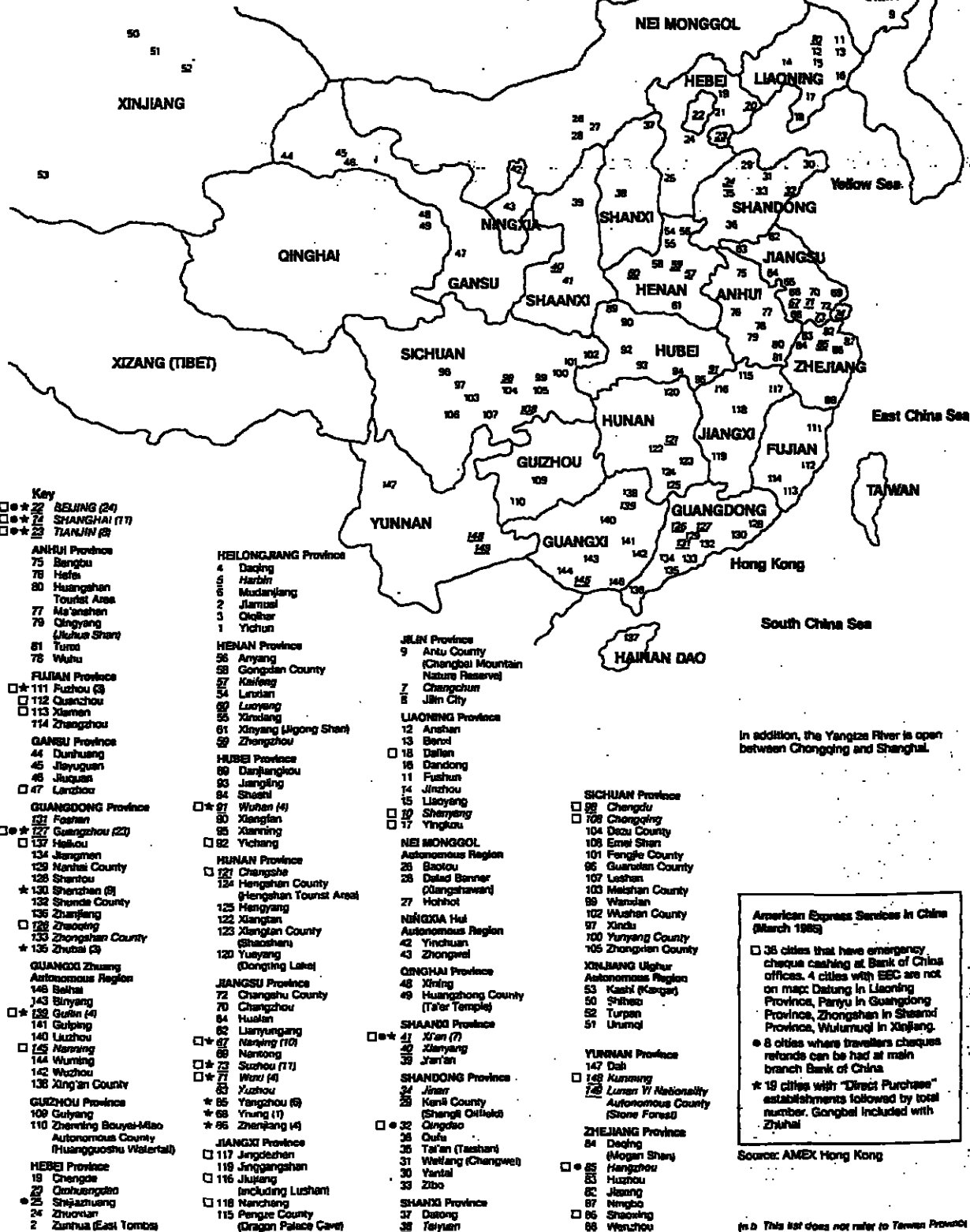
Our address:
VOEST-ALPINE AG
Finalindustrie, Postfach 2
A-4010 Linz/Austria
tel. 0 732/585-1
telex: 2208-600 va a

General Agency in Hongkong:
VOEST-ALPINE, Liaison Office
Hongkong, China Resources Building,
Suite 4303, 26, Harbour Road, Wanchai,
Tel.: 00 852/573 51 93, 73 71 01,
73 04 78, Telex: 62127 voest hx



China's Open Areas

All foreign visitors to China require visas to enter the country. The following 149 places are 'open' to foreigners and all require travel permits except those thirty in italics. The numbers refer to the positions on the adjacent map.



American Express Services in China (March 1985)

- 36 cities that have emergency cheque cashing at Bank of China offices. 4 cities with ESC are not on map: Beijing in Liaoning Province, Fanyu in Guangdong Province, Zhongshan in Shaanxi Province, Wulumuqi in Xinjiang Province.
- 6 cities where travellers' cheques refunds can be had at main branch Bank of China.
- 18 cities with "Direct Purchases" establishments followed by total number. Gongan included with Zhijial.

Source: AMEX Hong Kong

(This list does not refer to Taiwan Province)

CHINA TEA & COFFEE

The following kinds of products are being handled for export by us, the Guangdong Tea Branch:

Black tea, green tea, scented tea, oolong tea, pu-erh tea, beeng cha, tou cha, fischee black tea, rose congou, kooloo tea, the well-known tea, canned drinks and a variety of teas in small packages. Each of these items has its own special characteristics and is welcomed by consumers both at home and abroad.

We are also specialized in handling the import and export business of coffee and its products.

CHINA NATIONAL NATIVE PRODUCE & ANIMAL BY-PRODUCTS
IMPORT & EXPORT CORP., GUANGDONG TEA BRANCH
中國土產畜產進出口總公司廣東茶葉分公司

Address: 17-19 Sha Ji Dong Yue, Liu Erh San Road, Guangzhou, China
Cable: NATIONTEA Guangzhou Telex: 44420 GDTEA CN

كلدا من الاصل

March 27, 1985
Consumers
Services in China

Aerospatiale Helicopter Market tied to Offshore Oil Finds, Technology Transfer, and Direct Sales in China

"Although Aerospatiale will likely sell some inter-city commuter helicopters in China's current expansion," says Henri Vernazobres, their Far East and Australasia Representative and Petroleum Industry Co-ordinator in Hong Kong.

For that reason, he is closely watching the build up to a new round of bidding for offshore oil contract concessions in the South China Sea, expected by the end of 1985 or early next year. China is among the world's largest oil producers and is a net oil exporter. However, its onshore oil production peaked in 1980 and the government has since placed great emphasis on attracting foreign investors to participate in exploration and development of offshore oil reserves. According to a recent Citibank report on investment, the China National Offshore Oil Corporation had concluded 18 oil exploration contracts with 27 foreign oil companies by the end of 1983.

So far, finds of commercial quantities of gas by ARCO and oil by TOTAL are the only successes of note, and gas is notoriously expensive to bring out and export. There is consequently a real question as to how many operators will want to undertake the search for resources in the next round of bidding. Vernazobres explains that shares in a concession are spread and it is the

number of vehicles needed and their size or flying characteristics. For instance an oil company may want a large capacity helicopter as a fail-safe against having to evacuate its men in bad weather areas, though the rig may not be far offshore and could normally be serviced by a smaller aircraft.

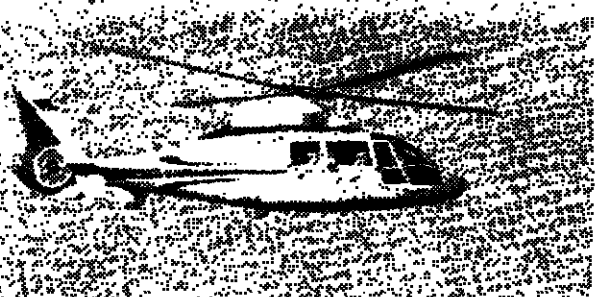
Helicopter services to oil companies are provided in co-operations with the Civil Aircraft Administration of China (CAAC) in Guangzhou and the Zhuhai oil base and with the China Ocean Helicopter Corporation in Shekou, part of the Shenzhen Special Economic Zone in the south. "CAAC and COHC have branches all over China," Vernazobres says, "but they operate under different names and keep changing the names all the time."

Vernazobres, who has worked on the civilian side of the Aerospatiale market for about four years and has been in Asia for 14 years, also notes that decentralization of CAAC has made dealing with China more complicated. "In the past it was easy. You dealt directly with CAAC. Now the province will decide its need but the final decision still

helicopter sold since 1967 has led to over 100 Chinese technicians being trained at the main Marignane plant near Marseilles airport or the La Courneuve helicopter blade plant near Paris.

"Those helicopters delivered in 1967 are still flying," notes Vernazobres, who adds that this means more as a testament to the original 15 Alouette III seven-seater helicopters than it would if they were aircraft, which generally require less maintenance. "In a helicopter, everything moves, so there is more wear."

In 1973, more direct sales were made, this time of 13 Super-Frelon models with three engines and long range. In 1980, besides the Harbin agreement, three Lama SA315 five-seater helicopters were purchased by China. This unique aircraft set a world altitude record of 12,440 meters and is capable of lifting more than its own weight. It's a workhorse vehicle popular for cargo sling operations, characterized by excellent high altitude and hot atmosphere performance. In 1984, six AS332 Super Puma models were purchased. These large vehicles are popular for corporate travel and transport of officials. Spare parts warehouses are kept in Hong Kong and Singapore and Aerospatiale keeps a French engineer in Beijing on call for after sale support.



An AS 365N Dauphin II of CATIC.

operating companies that are closely monitored by service and supply companies like Aerospatiale. He says there are 12 companies active in the south at present, three near Shanghai and one Japanese firm among Chinese operators in the Bohai gulf.

Helicopter support companies rent equipment to oil companies on a monthly or six month basis to service specific oil exploration rig needs. Oil companies pay rental fees and an additional fee based on flight hours of use.

Oil companies exert great influence over which helicopters will be used on a given project and the rental market is actually tied to a ratio of rigs under construction and in use to the air support they require. Rig requirements and location of use affect both the

operation with the Civil Aircraft Administration of China (CAAC) in Guangzhou and the Zhuhai oil base and with the China Ocean Helicopter Corporation in Shekou, part of the Shenzhen Special Economic Zone in the south. "CAAC and COHC have branches all over China," Vernazobres says, "but they operate under different names and keep changing the names all the time."

Vernazobres, who has worked on the civilian side of the Aerospatiale market for about four years and has been in Asia for 14 years, also notes that decentralization of CAAC has made dealing with China more complicated. "In the past it was easy. You dealt directly with CAAC. Now the province will decide its need but the final decision still

for arts, antiques and crafts or carpets; over 70 in all.

Office Expansion

"As China opens with more airlines, hotels, tourist places, our office has more requests to handle an increased number of tourists and to offer services within China. It is now more a link to achieve tours than a direct tour operator." Weden wants to expand the office capacity in Beijing by moving from the present room on the 15th floor of the Peking Hotel to, "maybe the mezzanine area; which would give it greater size - and then staff it with both local Chinese and experienced American Express personnel."

He adds that, "We can't just think of Beijing. We also have office plans for Shanghai and maybe in Guangzhou, and are seeking government approval at present. We may have to go into some type of joint venture. We hope to have a company office in Beijing and then have American Express approved service-office relationships in Shanghai and other key cities."

New service establishments are being added daily and it is clear that Richard Weden and American Express see the People's Republic of China as a great bountiful wilderness of potential cardmembers, service establishments and users. It needs only to be tamed and taught the benefits of plastic over paper cash before it can be tapped.

Peninsula Group promises Global Standards for the Garden Hotel

Late last year the Peninsula Group undertook to bring international management and service standards to the 24-storey Garden Hotel in Guangzhou (Canton). In a joint venture agreement with Guangzhou Lingnam Investment Company and Garden Hotel Holdings (HK) Ltd, this 'city within a city' aims to become a primary venue for business travellers to Spring and Autumn trade fairs, as well as overseas residents based in Guangdong to support new 'open door' investments like development of South China Sea oil exploration support bases in nearby Zhuhai.

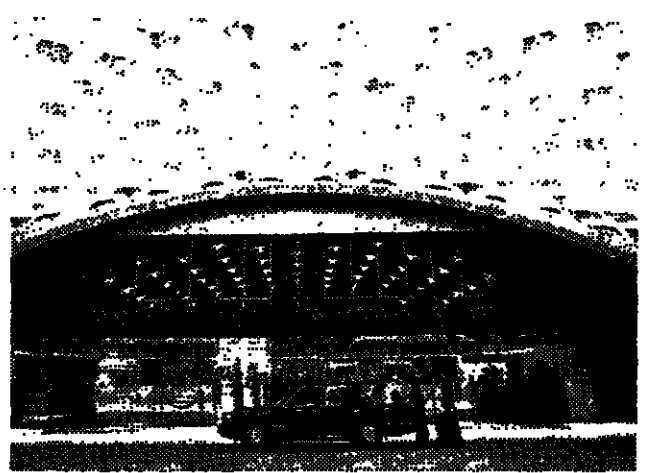
The Garden Hotel and adjoining 17-storey office and apartment block are set in their own landscaped gardens, and the 24-storey hotel has been designed to provide both the guests in its 1,147 rooms and expatriate residents a self-contained service and leisure center in China. Food and beverage outlets range from a revolving restaurant at a height of 90 meters over Guangzhou, "The Carousel", to an unusual collection of small food stalls clustered along an artificial lane called "Lai Wan Market" and serving Southern Chinese specialties and snacks. There are 15 restaurant outlets in all.

Leisure facilities include international standard tennis and squash courts, due for completion late this year, and

a fully equipped health club with sauna, jacuzzi and plunge pools. The podium roof of the hotel features a large outdoor swimming pool

and children's wading pool.

Also under construction are a conference hall of 1,580 sq/m that can accommodate up to 1,400 delegates theater-style, with simultaneous translation facilities and full A/V support systems. The new area will also lend itself well to exhibitions, banquets, stage shows and other demonstrations. The Garden Hotel business center features private conference offices, word processors, telex, document facsimile facilities, computers, a business library and



Elegantly covered entrance to the Garden Hotel in Guangzhou, which is managed by the Peninsula Group of Hong Kong.

multi-lingual secretarial services.

Already managing one of the world's great hotels, The Peninsula Group recognized early on that high standards of facilities without related service quality were a waste of money. To overcome the problem, they devised an extensive training program for their 2,000 locally recruited staff.

Increasingly, new Guangzhou hotels have celebrated the merging of Western modernism with Oriental themes in their lobby decor. The lobby of the Garden Hotel, designed by architect W. Szeto and Partners of Hong Kong, is a sculptural marble showcase of mammoth proportions - 80 meters long and nine high - that pays tribute to China's most famous literary classic, *The Dream of the Red Chamber*, on one side of its luxuriant entranceway, and to the agrarian life of Hainan Island on the other.

Members of the Foshan Arts and Crafts Institute were commissioned to depict a scene from *The Dream of the Red Chamber* in black marble transported from Shanghai. The scene is described with incised gold leaf. Hainan's simple agrarian lifestyle is contrasted in blocks of white marble. To complete the sculptural gallery, the city's official flower, the kapok tree, is carved in relief on white marble at the far end of the lobby.

Retailing, Containerisation, Trading and a patient, long-term approach to China...

Hutchison has prospered in difficult economic times by doing well what we know best

Hong Kong has shaken off the uncertainty of world recession and exports, once again, are on the increase. Over the past two years we've actively participated in this growth. For example, we handled over 43 percent of Hong Kong's container traffic through our container terminal at Kwai Chung.

Retailing & trading

Meanwhile, many Hong Kong consumers wanted an alternative to traditional family stores and street markets. Hutchison's A.S. Watson Division was positioned to accommodate. The Park'n Shop supermarket chain is now the largest in Hong Kong. Watson's retail chain (chemist and personal products) is also the largest of its kind with 30 outlets.

John D. Hutchison Trading Group is another Hutchison enterprise that has done exceptionally well. With products such as Cadbury's, Kellogg's and Nike sportswear, every Hong Kong household uses at least one JDH product every day.

Growth & profits

Knowing the right moment to act and

steadily, sensible growth has helped us to profit even during the unsettled property market of the past two years.

China trade

Hutchison is increasingly involved in business with China. We have offices in Beijing and Shanghai and we're steadily building our commercial ties with most of the China State agencies. We know the prospects of business with China offer great potential, but care, patience and a clear understanding of China's priorities are prerequisites for success.

If you're looking into Hong Kong or China, it would be worth your while to take a closer look at Hutchison.

Write for more information

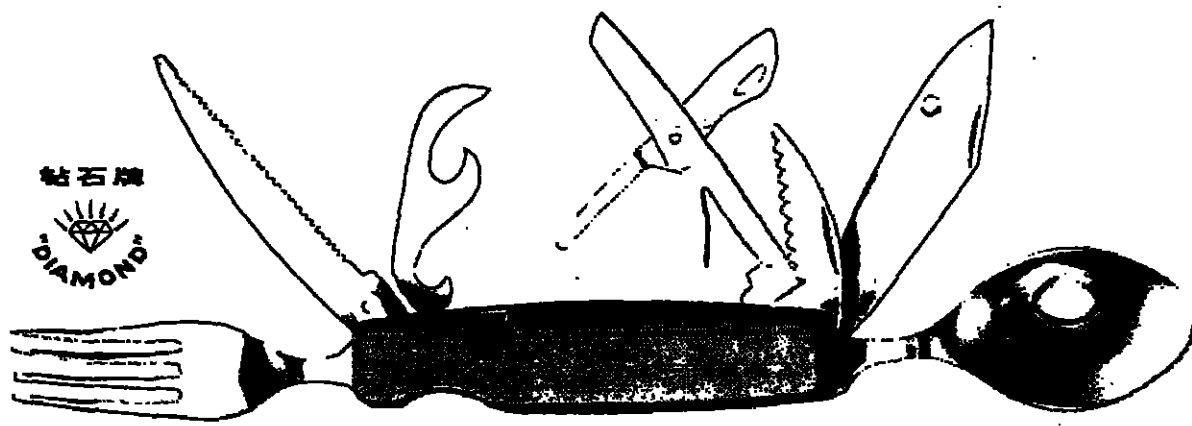
For more information on Hutchison, please write to us on your letterhead. We will send our latest Annual Report plus more information on any other aspect of our operations that you designate. Write: Hutchison Whampoa Limited, Corporate Information, 22nd Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.



Hutchison
HUTCHISON WHAMPOA LIMITED

We're more than just managing in Hong Kong

& COFFEE



FAMOUS SINCE 1900-THE YANG JIANG KNIFE

Yang Jiang knives have been produced in Guangdong Province since the turn of the century.

They have become a household name in China for sharpness, durability and good looks.

Originally produced by hand, Yang Jiang knives are now machine-made but the same pride in craftsmanship continues in the manufacture of the "Diamond" brand of Yang Jiang knives.

Over 200 different "Diamond" knives are available in stainless steel, or electroplated steel. They

feature many varieties of handles including wood, aluminium and plastic.

"Diamond" brand Yang Jiang knives - sold in more than 42 countries around the world.

Please contact us for more information.

CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT/EXPORT CORP., GUANGDONG BRANCH, 2, Qiao Guang Road, Guangzhou, China. Tel.: 31959-25 Cable: INDIKT GUANGZHOU Telex: 44447 KUPC CN



Guangdong CNLIP markets Diamond Knives Overseas

Guangdong's branch of the China National Light Industrial Products Import and Export Corporation means to put a 'Diamond' in the pockets of new overseas customers — a 'Diamond' (Yang Jiang) brand knife. Over 200 types of knives are produced by the branch in an industry traditional to the province, but which has been adapted to machine production.

Their emphasis is now aimed to compete in markets dominated by the classic "Swiss Army Knife" and its imitators with variations on pocket or camping knives that fold closed. However, the company has produced knives

since the turn of this century and offers a wide range of products, such as hunting and kitchen knives. They come in stainless steel or electroplate and handles can be wood, aluminium, plastic, etc.

The fact that their knives

can hold an edge is demonstrated by their ability to still be used as a shaving blade after slicing a coin into halves, say company spokesmen. Quality and competitive pricing have already led to demand for the 'Diamond' knives of Guangdong in 42 countries in Europe, the Americas, Southeast Asia, and Africa.

CNLIP is still directly regulated by central state planners and its eight divisions are situated

throughout the province and employ tens of thousands of workers — most often in very small production teams. They are anxious to import modern technologies for the reason that current methods keep outputs low though the branch enjoys a huge market penetration. Beyond the odd items like plastics and steel sheets, raw materials are supplied locally.

Bonuses

The impact of new open door policies is expressed in new wage systems and wider overseas participation. Bonuses are given and some workers measure their monthly pay in the hundreds of Renminbi. This remains considerably lower than comparable workers in Hong Kong, Singapore, Taiwan or South Korea, but spokesmen claim it is for the moment the success of financial incentives rather than such relative dollar amounts that have improved efficiency.

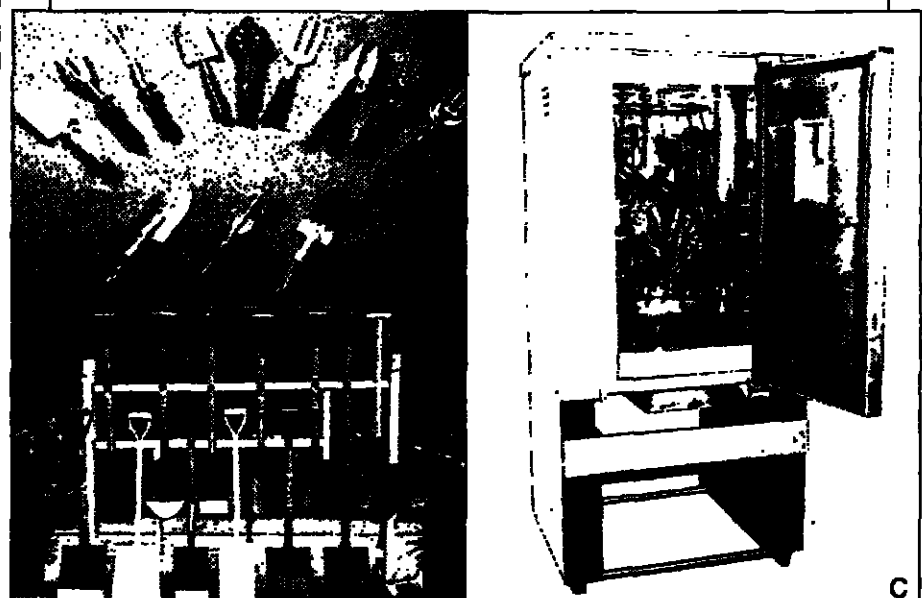
Opportunities

All eight of the branch divisions are keen for overseas involvement, which offers opportunities to the small and medium investor, such as a German company that is involved in a cooperative venture to produce a barbecue oven which burns wood fuel rather than gas or requiring electricity. The divisions are: Large and Small general merchandise departments; Stationery, Musical instruments (Chinese and Western), Sporting goods, and Paper; Plastic products (including toys and plastic utility items); Household construction products (including wallpaper and carpets); Household electrical appliances; Shoes (mainly of rubber and cloth for light uses); Suitcases and handbags.

China Trade

Consultant with offices in H.K. & Guangdong. Fluent in Eng., Cantonese & Mandarin. Extensive connections in trade and industry in China. Principals in U.S.A., N. America, Europe, Middle East & Asia are invited to submit details of projects involving China trade/investment to Robert Lee, Managing Director. P.L.C. Services 130 Thomson Comm. Bldg., 8 Thomson Road, Wanchai, Hong Kong.

MACHINERY From Guangdong CHINA



A. Orchard Tools B. Steel Shovels With Handle C. Roasting Oven Model HL-25

中國機械進出口公司廣東省分公司經營出口

EXPORTED BY
CHINA NATIONAL MACHINERY IMPORT & EXPORT CORP.,
GUANGDONG BRANCH
61, Yan Jiang Road (W) Guangzhou, China.
Cable: "MACHIMPEX" GUANGZHOU
Telex: 44376 HAGON CN

PIA counts its China Service a High Point in its Growth

It was the proudest moment in the history of Pakistan's national carrier when its Boeing 720-B landed at Shanghai airport, commencing a regular weekly service from Karachi to Canton (Guangzhou) and Shanghai in April 1964. PIA was the first IATA carrier and first airline of a non-communist country to touch down on the mainland. The People's Republic of China has opened its doors to the outside world on the wings of PIA.

Thirty-one years ago in 1954, a passenger airliner carrying the flag of the sovereign state of Pakistan swept into the clear blue sky over Karachi. It was a green and white Lockheed Super Constellation. The flight — the first ever non-stop Karachi-Dhaka service — signalled the birth of PIA, a landmark in the aviation history of Pakistan.

Today, Pakistan International with a fleet of 32 of the best available aircraft in the world, ranging from the ever useful F-27 to the giant Boeing 747, transports over 10,000 passengers and tons of cargo every day, touching 38 international destinations in Asia, Africa, Europe and North America, besides 24 domestic points.

PIA today wears a modern look and intends to keep it so, looking into the future with humility, hope and aspiration. To survive and succeed in the tough, fast-moving and fast-growing world of commercial aviation, we depend as much on enterprise as on innovation.

At a time when many international airlines have been losing money, PIA continues to expand both in terms of fleet and routes, adding new destinations to its network, increasing its revenue and posting greater profits.

PIA has nearly doubled its revenues and brought about a tenfold increase in profits from Rs.70 million in 1980-81 to the Rs.700 million it achieved in 1983-84.

Will to Succeed

From 1954 to 1985 is a story of three decades of relentless effort, imagination and enterprise reinforced by a

commitment to excellence and a determination to succeed. The airline today symbolizes Pakistani enterprise and reflects a dynamism that is the pride of Pakistan.

Profitability, though very welcome and essential for the survival and growth of an airline, however, is not the only consideration in PIA. Being a national airline, PIA is ever mindful of its role in the development of Pakistan.

Be it linking of remote and inaccessible coastal towns or providing the life-line to the snow-bound Northern Region, be it the induction of modern technology in Pakistan or the introduction of Pakistan skill and enterprise abroad, PIA has never failed to spread its wings.

Having set the trend for modernisation in Pakistan, PIA has kept pace with technological developments in the industry, achieving many a first on the way. PIA today is the first Asian airline to order the brand-new Boeing 737-300.

Over twenty years ago, PIA became the first non-communist airline to fly to the People's Republic of China — not merely another PIA landmark but a major international aviation breakthrough, the opening of China.

And 16 years ago, PIA helped bring about another international breakthrough — the first major contact between the United States of America and the People's Republic of China. Cloaked in

absolute secrecy, a PIA Boeing flew Dr. Henry Kissinger from Islamabad to Beijing. That was history in the making again.

PIA, does not rest on past laurels. There is a continuous effort for the better. Effective management, always of special concern to an organization with the scope and size of PIA, is currently under scrutiny again.

The airline's steadily improving performance since mid '81 is an indication that administration has been geared up and the whole complex organization is functioning more smoothly.

On the international scene, PIA is looking towards and working for greater cooperation and coordination between not just the Asian airlines but the airlines of all developing countries. On our part, PIA has helped train airline personnel from many developing countries and continue to do so at our modern training centre.

Wherever possible, PIA will try to meet the needs of developing airlines for skilled technical staff. This is in addition to the training PIA provides to their employees at all levels.

In a world where size matters, the operations of airlines of developing countries based on a pooling of resources present a great potential which, if exploited imaginatively, could open up new vistas of growth and expansion.

Medical Supply Branch of Guangdong CNC goes Independent

Spokesmen for the Medical Supply division of Guangdong's China National Chemicals Import and Export Corporation branch said that as of 9th March they have been established as an independent trading entity due to their increasing importance and size. The division is presently broken into four departments: patent medicine, pharmaceuticals, medical equipment and clinical supplies.

The medical supply division is a trading and manufacturing operation, but does no research of its own. It does influence the direction of research, however, as the organization responsible for marketing and commercializing laboratory products.

The medical supply division has nothing to do with Chinese traditional herbal medicine, spokesmen caution. It is rather a modern pharmaceutical house that handles about 11 categories of prepared drugs such as antibiotics, sulfonamides, antipyretics and analgesics,

vitamins, sedatives, biochemicals, steroids, and special feed grain chemicals, etc.

Products currently in high demand are Hesperidin Methyl Chalcone, derived from mandarin oranges. It is believed to prevent high blood pressure, arteriosclerosis, scurvy and nose haemorrhage. Division spokesmen note that, according to the literature of other countries, it can also help in the prevention of gastric ulcers, treat the symptoms of dropsy, and some allergies. It is also an ingredient in certain medical cosmetics.



Testing Laboratory of Guangdong's China National Chemicals Corporation.

Photo: Xinhua News Agency

The China National Chemicals Import & Export Corporation was founded in 1950. It is the first import-export corporation to have been established in the area of south and central China, with its head office in Guangzhou. Besides exporting pharmaceuticals CNC Guangdong handles over 100 individual chemicals and has

about 10 products in rubber and latex line of goods, including various kinds of hoses, working gloves, rubber car mats, etc. It imports chemical materials, pigments, dyestuffs, reagent chemicals, pharmaceuticals, medicines, medical instruments and supplies, rubber products, plastics and agricultural chemicals.

THE JIANGUO HOTEL BEIJING



Peninsula Group hospitality awaits you in the fabled City of Beijing.

The Jianguo Hotel.

It's managed by one of the world's leading hotel operators, The Peninsula Group, which means the finest rooms, service and restaurants, and easy, efficient bookings from anywhere in the world.

For reservations: Contact your travel agent; The Peninsula Group, Hong Kong tel: 3-7225771 or 3-682335, telex: 34064 PENGPHX; The Jianguo Hotel tel: 22439 JGHB/CN; any Cathay Pacific Airways office.



The Peninsula Group Fulfilling the promise of the Orient

The Peninsula Group of hotels are located in Hong Kong, Singapore, Manila, Bangkok, Beijing and Guangzhou. JGH-INT(CS)

Austria's Voest-Alpine pursues five major Far East Markets

Voest-Alpine AG Finalindustrie, the finished products division, is known mostly for its processed steel products. Its production in the 1970s was redirected from medium and heavy machinery towards precision and automation engineering and a concentration on five major areas in Far East markets: hydro-electric power plants, mining, transport and handling equipment, machine and precision technology, oil and gas field equipment, machine and precision technology, oil and gas field equipment and services.

In the hydro-power area, the Voest-Alpine bulb turbine has wide appeal for use on river power stations due to its combination of high efficiencies, short construction time, and relatively small size — which enable the building of smaller powerhouses for the countryside.

Power station components from Voest-Alpine are already in use in the Philippines, India and Taiwan. Components and complete stations have been sold to the Philippines for its Magat River Project at the Agus I station and the Maragat-Pulangi IV station on Mindanao. In India, they have provided the mechanical equipment for the Panchet Hill pump storage station and components for Taiwan

hydro-power stations. Austria has a long history of mining and in the production of associated equipment for both tunneling and open pit operations. Valuable lessons learned in developing their own difficult to reach deposits have been the basis for creating high standards of mine products, service and engineering. For instance, their AM 50 Alpine Miner, one of four in series, is a selective

cutting machine designed for operation in medium hard rock up to an unconfined compressive strength of about 11,200 psi. It can excavate a wide range of rock formations encountered underground and has been used in both mining and construction industries.

Transportation of heavy materials is a standard requirement of the mining industry and Voest-Alpine has developed automated conveying and handling installations based on its own experience in mining and steel plants. Automation has also played an important role in the development of their machine and precision technology. For over 30 years they have manufactured tool machines for both cutting and non-cutting applications. By using module-type construction tied to highly computerized hierarchies of controls, Voest-Alpine engineers claim to have found the answer to batch production of discrete parts that has always eluded continuous flow product fabricators like carmakers. Their "factory of the future" is built upon unmanned third shift operations, for instance — the infamous "graveyard shift" made a thing of the past.

Nuclear reactor components and other equipment for nuclear and conventional

power stations are the specialties of the company's steel and apparatus construction department — the largest of its kind in Austria and among the best known in Western Europe. Their seven major markets are defined by their high stress conditions and related safety concerns: conversion plants, heavy oil hydration, methanol plants, ammonia plants, coal upgrading plants, conventional and nuclear power stations, and any plants with high temperature and pressure requirements.

Through its VEW subsidiary, which produces the SBS brand of oilfield equipment, Voest-Alpine has 30 years of experience in the oil and gas industry. They also work in cooperation with OMV group, the fully integrated oil, gas and petrochemical group of Austria, to provide well-head equipment such as high pressure valves. Voest-Alpine's long-term strategy is to combine Austrian experience with technology from the United States and they already have joint manufacturing agreements for drill bits, electric submersible pumps and complete drilling rigs. Related services include the provision of petroleum engineers for consulting on production and reservoir engineering problems.

Beautiful Porcelain and Pottery from China

For over one thousand years the area of Guangdong Province has been famous in China for its porcelain and pottery.

Guangdong Ceramics Company is a trading and manufacturing company which is responsible for research, manufacturing, domestic sales and the export marketing of ceramics products from Guangdong Province.

Available for export are: ceramics for daily use; art pottery and porcelain; garden items, and building as well as industrial porcelain products.

Guangdong Ceramics Company is also interested in the importation of technical materials for ceramics, fuel, equipment and appliances related to the production of ceramics.

For more information contact: GUANGDONG CERAMICS COMPANY No. 57, Zhanqian Road, Guangzhou, China. Cable: CERAMICO GUANGZHOU Telex: 44269 GDCCO CN



Hutchison lo
a China pro

Black Tea "Gro
increase effie
in "Big Leaf" p

itsmen put P

هذا من الأصل

Hutchison looks to build a China profit Center

ONE of Hong Kong's most profitable trading houses is poised to expand into China during the next few years.

Hutchison Whampoa Ltd (HWL) has been involved in the growing China market for several years and the confidence engendered by the success of the 1997 agreement has encouraged its Chinese ambitions. As Hutchison Group Managing Director Simon Murray is quick to point out, the Hutchison China Trading Division has undergone a dramatic expansion since Simon To was appointed Managing Director in 1980. "We now have 42 people in Beijing, Guangzhou, Shanghai and Hong Kong who are actively involved in seeking opportunities and participation in group members and their agencies," Murray explained. "They're also acting independently to develop two way trade and investment opportunities between China and the industrialized world on their own account."

In order to meet the diverse demands of the Hutchison group divisions while simultaneously concentrating building up China trade as a profit center in its own right, Simon To has split his company up into Consumer, Construction, Industrial and Energy/Airport/Hotel Services divisions.

"The first three divisions concentrate on handling such things as Chinese canned food products, the manufacture of ice creams in Shanghai and the importing of steel for marketing in Hong Kong," explained.

While this is obviously a key element of the China Trade Division's business, the rapid development of the HWL Group's own expertise in the China market opens the way for HCT's expansion.

"We've already made some very satisfying gains in several areas and have won contracts for supply of shore logistical support items and technology to the Chinese coal industry," To noted.

The Aviation division presents agencies such as Lockheed Georgia, Aerospace Helicopter Division, Dornier aircraft and DHX aircraft as well as leasing of Heli Union of France and Schreiner of Holland helicopters and STOL aircraft operators.

"We're also currently developing a joint venture air cargo company with AAC-Shanghai, Airborne and DHX through the fruits of which we won't be seen for several years yet," To said. The Hotel Supplies department markets building materials, furniture, fixtures and equipment to hotels and office buildings.

"I think our investment in long term credibility through office expansion and an increase in personnel has already paid off," To added. "The real profits will be made during the next decade. I believe our position as the only China trading company with strong Hong Kong

With more than 90% of its activity and its assets in Hong Kong, Hutchison has prospered during the past two uncertain years with post tax earnings now exceeding US\$120 million on a recurring basis.

"Although other trading companies have diversified



South China Sea Oil Rig, the Jim Cunningham, under repair at Hutchison's Hong Kong United Dockyards facility.

Photo: Hutchison Whampoa Ltd.

Chinese control will enable us to build on this foundation." While this ties in neatly with Hutchison's China philosophy of "specializing to build a reputation for professionalism in fields such as offshore oil services, aviation, industrial catering and engineering", it doesn't mean that the company is leaving Hong Kong.

geographically in the last few years, we've concentrated on our traditional businesses in Hong Kong and withstood the temptation to move offshore," Simon Murray noted.

Although HWL has no definite plans to invest in China, Hutchison's recent stock market activity will ensure that the Group



Mr. Simon Murray
Group Managing Director, Hutchison Whampoa Ltd.

continues to be securely based in Hong Kong. The trading concern successfully acquired 34% of Hong Kong Electric in a HK\$2.9 billion (US\$371 million) deal which provides the Group with quality recurring profits.

A steady performer whose consolidated group profit increased by 19% from HK\$782 million (US\$100 million) to HK\$934 million (US\$210 million) in 1983, Hong Kong Electric is expected to become even more profitable in coming years as economic recovery comes to the territory.

The electric utility also has mechanical engineering, property, retail, contractor sales, export and ceramic divisions that complement Hutchison's own diverse interests.

"Many of HWL's operations will be strengthened by the acquisition of a significant share of a large, well managed and easily identifiable company such as Hong Kong Electric," Murray said.

Speaking of Hutchison Group's property division, Mr. Murray said, "The commercial areas of housing estates such as Aberdeen Centre, Hung Hom Bay Centre and Provident Centre which the group has developed, together with prime office and industrial buildings, provides a rental income of over HK\$300 million (US\$38 million) per year."

Recently the HWL Group confirmed a US\$400 million investment program for the redevelopment of the Hung Hom dockyard.

"More than 11,000 residential apartments will be constructed on the site over the next six years, which should provide a sound income on an annual basis as each stage is developed," Murray noted.

This expenditure is matched by the amount of investment Hutchison is

It's said that every household in Hong Kong uses some product handled by John D. Hutchison every day, many of which are retailed through the HWL group's A.S. Watson subsidiary.

HWL operates the largest chains of supermarkets in the colony through some 96 Park-N-Shop supermarkets and 34 Watson's stores, together with a manufacturing arm producing soft drinks and foodstuffs. Watson's has already made a tentative move into China through the supply of beverages and ice creams.

Hutchison's quarrying interests are well established as a supplier of aggregate, asphalt and ready mixed concrete to the local construction industry.

"Unfortunately there has been a general downturn in the construction industry lately, but the company has secured long term contracts for such projects as the Mass Transit Railway system, which has enabled it to ride out the difficulties," Murray added.

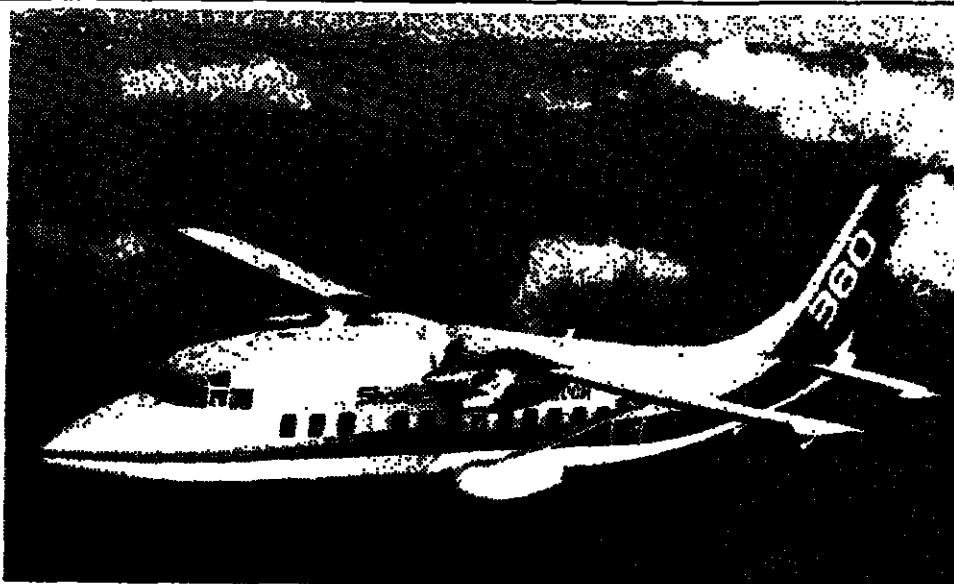
Looking further ahead, Hutchison has made its initial foray into the hi-tech future through its investment in a new company, Hutchison Telephone Company Limited.

"It is a new venture with Motorola and Distacom Communications in which we have 51%. Hutchison Telephone will offer a public mobile and portable cellular telephone service to Hong Kong," Murray explained. Add to this Hutchison's

substantial minority interests in Hong Kong's South China Morning Post Newspaper, and Sheraton Hotel, and a clear portrait of a solid, well managed and diverse group emerges.

"Our fundamental strength lies in our operational management at the working level and the group's adherence to the businesses it knows well in the environment it knows best," Murray concluded.

"Given this strength we can look to the future with great confidence, particularly in the Chinese market which is ready for business and whose open door policy has provided a welcome incentive for Hong Kong based traders such as ourselves."



Shorts are proud that the Civil Aviation Administration of China have purchased 8 of the world's highly successful wide-bodied regional airliners to serve areas of new economic development and priority of the People's Republic of China.

Fuel-efficient,
cost-effective

Shorts 360

SHORT BROTHERS PLC—Far East Regional Office, 2nd Floor, Elizabeth House, 250 Gloucester Road, Causeway Bay, Hong Kong.
SHORT BROTHERS PLC—PO Box 241, Airport Road, Belfast BT3 9DZ, Northern Ireland.
Telephone 0232 58444. Telex 74688. Telegrams Aircraft Belfast.

"Black Tea" Growers increase efficiency with "Big Leaf" plants

The "Black Tea" of Guangdong Province has been as loved to Western tastes, since the mid-17th century, have the export porcelain cups from which Europeans sipped its brew. Guangdong's warm climate and relatively low elevations have made it well-suited to meet the demands of an international market for as that take milk well and are full-bodied. Besides processing teas grown in the area, Guangdong factories handle the Yingtze Black Tea of Yingtze to the north and a black tea from Hainan Island to the south.

All the tea in China is the same, until it's processed. Farmers talk like vintners when they start to describe

the subtleties of their products, but there are three basic teas that result from controlled drying and

fermentation: green, oolong and black. Broken Orange Pekoe is a fine cut black tea that has become a Western standard. Guangdong's gardens growing this variety have a picking season from March through to late October. Cooler northern areas get their first flush harvest in about April until late September, when the last and usually best harvest of the year is made. Picking in Hainan goes on 11 months a year.

Until the late 1950s, Guangdong specialized in small leaf exports of "Congou" teas. These fine tea leaves were once hand rolled and their name comes from a mispronunciation of the Chinese term meaning "much work". Less work for greater gains explains why provincial

growers have increasingly switched over to "big leaf" teas transplanted from Yunnan Province. They adapt easily and offer an excellent Orange Pekoe type tea. Growers claim they have enough "golden tips" to rate them among the world's best black teas, usually considered to come from places like Sri Lanka and India.

"Big leaf" tea leaves measure in at about 15 by 5cm when full grown, versus the tiny Congou leaves that may be only 5 by 2cm.

Guangdong Province has long been a region pioneering the adaptation of Chinese products for export markets, and its tea growers have only naturally been the first to market their product in tea-bags for overseas sales.

Craftsmen put Plant Life to Work

China's largest maker of artificial flowers, the Guangdong branch of China National Arts & Crafts Import & Export Corporation, draws on its province's heritage for creating home decoration products from nature. Flowers in native silk, polyester and plastic acquire the sensitive transformation of floral beauty to the limitations of a production line.

Rattan furniture and household effects from andry baskets in the form of eggs to baby cradles have long been de rigueur among signers for the light tropical look. In south China, the summer sleeping mat and low are part of the countermeasures for keeping cool.

Grandmothers and aged ushers in Asia will also tell you that the older it is, the stiffer a rattan mat becomes. Western "Chinoiserie" in the 18th century would not have been complete without a cage for imitation bamboo. European designers struggled to get the look of this lost-honored Chinese tree from their native timbers, with varying success. Thomas Chippendale based many of his designs and decorative schemes on bamboo, as did any more furniture makers.

Bamboo has always held an honored place in Chinese society. Its qualities of simplicity and uprightness are considered the two most important attributes of the true gentleman, and the plant has long symbolized refinement and strength of character.

Palms were first introduced to Guangdong in the 4th century. They took root in Xinhui county which has since been known locally as "palm country". By tying stems and leaves together, dwarf palms are created to become the raw material for mats, hats, bags and baskets. Seagrass undergoes an extraordinary transformation in the hands of Guangzhou craftsmen. Woven, it makes an unusual wallpaper that has a natural feel and the advantage of sound absorbency. Its fine stems

make for tightly woven trivets and handbags. Most unusual, craftsmen of Dongguan, Shaoqin, Zhiangang and especially Shantou — also famous for porcelain and lace — use of threads of colored straw to piece together small pictures that make use of the natural sheen and straw texture to imitate surfaces of leaves and bird's feathers. Colored straw is also used to make wildly colorful boxes

in the shapes of butterflies or with unusual landscapes and designs by methods reminiscent of folk artists in America who build cathedrals and the like out of wooden matches. To create these patterns and collage effects, each piece of straw is slit down one side with a razor, then soaked in warm water. After being ironed dry, the flat ribbons of straw are glued side by side onto a sheet of paper. These can be cut and shaped before being glued to a box to make an array of designs.

Hong Kong's only hotel with a China connection.

Just a few minutes walk from Kai Tak airport by airconditioned walkway, you'll find a hotel with first class facilities plus a specialist China Team.



For reservations, contact your travel agent or tele us at 49506 HONRA HK.

THE GARDEN HOTEL GUANGZHOU



There's a new centre for business at the gateway to Southern China. The Garden Hotel, Guangzhou (Canton).

Now open for business, The Garden Hotel is China's largest international hotel and office complex.

The Garden Hotel will have over 1,100 luxurious rooms and suites, as well as 15 superb bars and restaurants. It will boast a fully equipped business centre and convention facilities for up to 1,400 delegates, plus a swimming pool, health club, tennis and squash courts.

The Garden Hotel is managed by The Peninsula Group. With a hundred year heritage of dedicated service to business and pleasure travellers to the Orient, we know how to make your trip live up to the promise of the Orient.



Reservations: Contact your travel agent, Cathay Pacific Hotel Reservations Service, SRS (Steigenberger), The Peninsula Group, Hong Kong.

The Peninsula Group of hotels are located in Hong Kong, Singapore, Manila, Bangkok, Beijing and Guangzhou. (CHG-HTC)

Meridien Airport Hotel plays a China Card

Hong Kong has built its business reputation on being a compact city. For that reason alone, notes Michael Novatin, General Manager of the Meridien Airport Hotel, "an airport hotel is not needed just because of distance from town." It was the apparent contradiction of good business sense when the hotel was built 2.5 years ago that made it the butt of local jokes. "We were laughed at, pushed around and jeered at for building a hotel in a squatter area," recalls Novatin.

There are few things sweeter than the last laugh, and Michael Novatin has had it. His hotel runs at 90% occupancy 2.5 years after its opening, has what he claims is an 80% business traveler clientele with 1,200 commercial accounts and a ranking right after the Mandarin and

questions about traveling and doing business in China that we couldn't answer," says Novatin. First he brought in Riggs Business Service Centers to assist hotel guests and answer questions. Then he issued a small booklet, *The China Connection Directory*. Five thousand copies were

Michael Novatin intends to do with a floor of empty shopping center space in his hotel. The original owners thought there would be spillover shoppers from the airport.

A combination of over-optimistic rent rates, depressed property market and a resistance to leave the terminal on the part of casual shoppers left a lot of empty spaces in the Meridien Airport hotel shopping malls.

Why not create a China Trader's Center in the unused spaces, thought Novatin. So he cleared a budget of HKD 3 million to redesign the floor into private office spaces for rent. Riggs Business Center will be there, as will a small conference room, business center, exhibition area, medical clinic and health club. Facsimile machines will be available, popular for Chinese and Japanese languages as well as English, and translators will be on call for Mandarin and Cantonese requirements.

"By the middle of March, we will have an entire floor of this hotel completely converted and geared to the business market of China," claimed Novatin in a February interview.

Other Hong Kong hotels have built their business clientele on the garment trade in Kowloon and the financial center in Hong Kong's Central district. Meridien Airport Hotel means to look into the important business sector built upon China's "open door" policy by offering better access to the China trade.

Art and Automation meet in the making of "Chinaware"

Art and automation meet in the form of the Guangdong Ceramics Company. Under China's reorganized export business sector, the company has become an integrated trading and manufacturing complex that brings together everything from ceramic bathroom tiles to hand-crafted Shiwan pottery figurines still baked in a Song dynasty "Dragon kiln".

Guangdong Ceramics Company's unique brief is to keep one foot in the past, providing the needs of such artisan cottage industries. Its foot is planted firmly in the present, providing for automated manufacturing of dinnerware in up to 45-piece sets, outdoor ceramics for use in gardens and architectural applications, and industrial porcelains. Guangdong ceramics imports technology, fuel, equipment parts and appliances to feed these automated production lines which supply both domestic market and export requirements.

Shiwan

Shiwan is a suburb of the provincial capital, Guangzhou (Canton), and its sculpted ceramic figurines are among the premiere craft products of south China. Between the 9th and 13th centuries, Song dynasty leaders waged a running battle against conquest by the Jin kingdom, and were eventually driven to the far south.

Guangzhou

Best known in the West as products of "Guangzhou

Yongzheng in the Qing dynasty.

What makes Guangzhou Decor so eminently decorative is that the painted enamel motifs are always enriched with gold lines, which gives them the look of tapestry. The effect is achieved by painting in fired porcelain biscuits with colour glazes and gilt followed by refiring to seal them, and the amount of gold used in a given design is an important price determinant.

Shantou/Gaopi

Shantou has been among the three great centers of ceramics for over 1,200 years, since the Tang dynasty. Since the 16th century, most production has come from

Fengxi, a suburban townlet in Chao'an county, for the simple reason that the major raw material of porcelain, high grade kaolin, is as available there as common soil. It is today a major center of underglaze blue-on-white reproductions in the Ming dynasty style and its own carved vases, which apply a repoussé technique to create intricate woven patterns and figures reminiscent of lace into the body of porcelain vases.

Gaopi, in eastern Dabu county, is second only to Fengxi in the quantity of porcelain produced and its antique reproductions in the difficult to control underglaze-red technique are considered to be among the best of their kind in China.

China's first Western Secretary

"China is wide open," enthuses Margaret Sullivan, "every one needs help and we can provide it." Sullivan claims established record of success at placing temporary permanent secretarial staff. China, her Hong Kong base agency has become a leader in the business of secretarial services. They now offer word processing, computer off-shore office facilities, instant report processing facilities provided by visit delegations or China-based traders and, of course, the mainstay: providing professional secretaries as required.



View of the Regal Meridien Hong Kong Airport Hotel showing footbridge linking it to the airport, which features moving luggage racks and porters to eliminate the need for baggage handling by guests.

Regent among business-people.

Last year Novatin noticed that he had a high percentage of oil company staff and other China traders staying in the hotel. "They kept asking

gone in three weeks. It took no genius to recognize a pent up demand for information for China traders.

It does take a certain genius to turn a losing proposition around, which is what

Shorts 360 Aircraft to be used in China's Air Transport Expansion

Short Brothers PLC, the Belfast aircraft manufacturer, has confirmed the signing of a contract for eight Shorts 360 regional airliners to be purchased by the Civil Aviation Administration of China (CAAC), with the possibility of further orders. The aircraft will be delivered this year and underscore Shorts' penetration of the Far Eastern market following successful use of the earlier Shorts 330 model aircraft in Thailand and the new 360 model in Malaysia.

China has ambitious plans for aircraft and air transport development and competition among Western companies after a slice of its enormous aerospace market is intense, which has made the sale all the more satisfying to this old and well-established aircraft company - the founders of which even produced biplanes for the Wright brothers in 1909. Today, its wide-bodied, 36-seat model 360 airliner has become a commuter airlines favorite in the United States and elsewhere.

Shorts notes a number of appealing features in their model 360 aircraft: Its purchase price is about 25 per cent less than its main competitors from Brazil, Canada, Sweden and Spain. Its turbo-prop engines exceed all international noise limitation requirements. It has the most



Eight of these Short Brothers Model 360 turboprop commuter airliners will be used by CAAC in the new economic zones.

fuel-efficient performance of any aircraft in its field. Because of it, the plane's break-even load factor beats the opposition with ease. Shorts claims some operators of the model 360 can make

money by filling as few as 13 seats, or one-third of the aircraft's capacity.

Successful

Model 360 entered service in December 1982 and has already been adopted by 20 airlines worldwide for short-haul service, wherein as many as 20 flights per day in all weather conditions may be operated, in a wide variety of environments. Ease of maintenance and quick-turnaround capability are required and it's likely that the record of the earlier model 330 influenced the purchase decision. That aircraft has

achieved a 99% in-service despatch reliability record. It is a testament to the Shorts model 360 combination of price appeal, economic operation, ruggedness and versatility that it was chosen

for use in some of the new areas of economic development around coastal cities and special zones in the south of China. A large number of commuter aircraft spanning the 40-150 seat range will be needed by the smaller regional airlines which are expected to spring up with the intended decentralization of CAAC already announced. The break-up of the state airline is expected to dramatically alter the course of aviation in China.

Tourism is increasing at exponential rates, as are the requirements for transport aircraft and those employed in resource development (eg forestry, crop spraying, mapping, remote sensing). CAAC reportedly operates 13 different aircraft types in 18 provinces just for resource development. Regional administrations may well want to update older aircraft types as well as expand operations; all of which bodes well for Short Brothers, whose rugged model 360 is built with a design objective to achieve a safe fatigue life of at least 40,000 flights and can be transformed from a passenger to cargo aircraft in as little as 25 minutes.

All of this translates to a large near-term demand for aircraft for which Short Brothers now enjoy an inside track in helping to fill.

First ever to China. First even today.

Twenty-one years ago, we accomplished a sensational first in international aviation... PIA's trail blazing commercial air-link with the People's Republic of China.

Many others have followed since. But the passage of time notwithstanding, PIA remains the first choice to Beijing even today. Not only with its express, non-stop flights but also with the warm, friendly reception they get in China. The best even today.

PIA
Pakistan International
Great people to fly with

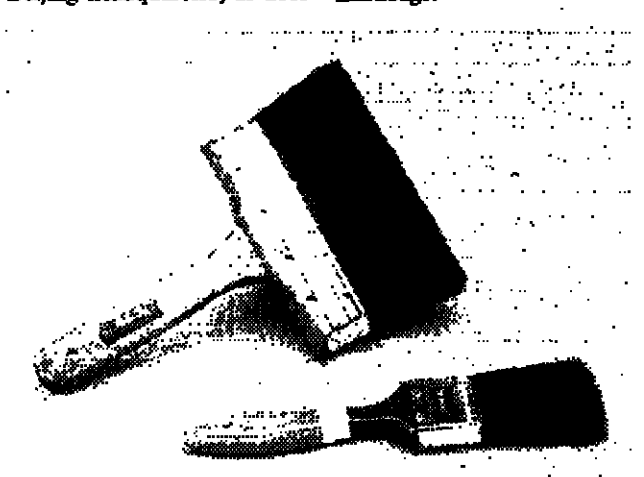
Guangzhou's Paint Brush business bristles

Although figures were not available, spokesmen for the Guangzhou office of the China National Native Produce and Animal By-products Import and Export Corporation claim they are doing a brisk business with their "three star" brand lines of paint brushes. Other product lines of the Guangzhou office, which takes pains to clarify that it is on an equal footing with the Guangdong provincial office of the same organization, include leather shoes, down and feather products, Angora white rabbit hair and leather garments, pig skin products, gloves and furs.

As explained by company spokesman, the Guangzhou city office reports directly the Beijing headquarters, as does

the Guangdong provincial office of the same organization. Guangzhou is also the main source of materials, though some imports are rationed by the government, but company spokesmen maintain that there's never a shortage for production requirements. Major trading partners are in Hong Kong and Macau, but the pure Chinese bristle brushes of the Guangzhou office also are exported as far afield as the Middle East and the United States.

The company hopes to penetrate more markets and is currently looking for new partners to develop a leather factory and the production of handbags.

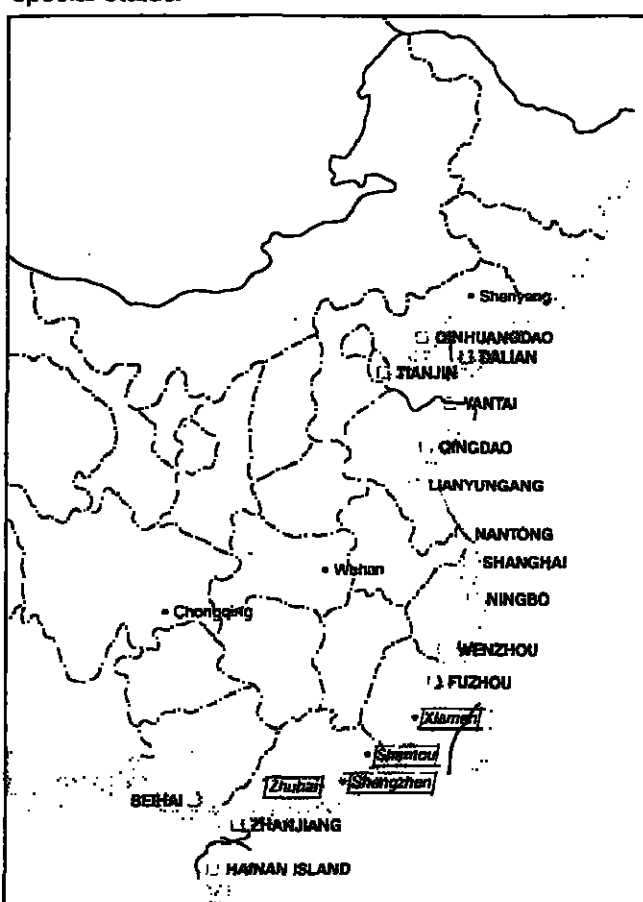


★★★ **THREE STAR**

FOR MORE INFORMATION ABOUT CHINA

Just complete this coupon.

The International Herald Tribune will be pleased to pass on requests for more information to the advertisers in this Supplement and to the appropriate authorities in China's 14 Open Sea Coastal Cities; 4 Special Economic Zones, Hainan Island; 3 Coastal Delta Zones, and Interior River-Coast Cities with special status.



Indicate below the subjects on which you would like to obtain more information (✓)

14 Open Sea Coastal Cities

- ☐ DALIAN
- ☐ QINHUANGDAO
- ☐ TIANJIN
- ☐ YANTAI
- ☐ QINGDAO
- ☐ LIANYUNGANG
- ☐ NANTONG
- ☐ SHANGHAI
- ☐ NINGBO
- ☐ WENZHOU
- ☐ FUZHOU
- ☐ ZHANJIANG
- ☐ BEIHAI
- ☐ HAINAN ISLAND

4 Special Economic Zones

- ☐ XIAMEN
- ☐ SHANTOU
- ☐ SHENGZHEN
- ☐ ZHUHAI

Interior River-Coast Cities

- ☐ Shenyang
- ☐ Wuhan
- ☐ Chongqing

3 Coastal Delta Zones

- ☐ Pearl River
- ☐ Yangtze River
- ☐ Minnan River

RETURN THIS COUPON WITH YOUR BUSINESS CARD TO:

Mr. Stephen Hutton
Deputy General Manager
Asia-Pacific
International Herald Tribune
1005 Tai Sang Commercial Bldg
24-34 Hennessy Road Hongkong

List of Advertisers

- ☐ Aerospace
- ☐ American Express International Inc.
- ☐ China National Arts & Crafts Imp. & Exp. Corp., Guangdong Branch
- ☐ China National Chemicals Imp./Exp. Corp., Guangdong Branch (Medical Supplies)
- ☐ China National Light Industrial Products Import/Export Corp., Guangdong Branch
- ☐ China National Machinery Import & Export Corp., Guangdong Branch
- ☐ China National Native Produce and Animal By-products Imp. & Exp. Corp., Guangdong Animal By-Product Branch, Guangzhou Office
- ☐ China National Native Produce and Animal By-Products Imp. & Exp. Corp., Guangdong Native Produce Branch
- ☐ China National Native Produce & Animal By-Products Import & Export Corp., Guangdong Tea Branch
- ☐ China National Native Produce and Animal By-Products Imp. & Exp. Corp., Guangdong Animal By-Products Branch
- ☐ China National Textiles Imp. & Exp. Corp., Guangdong Branch
- ☐ The Garden Hotel
- ☐ Guangdong Ceramics Company
- ☐ The Hongkong & Shanghai Banking Corporation
- ☐ Hutchison Whampoa Limited
- ☐ The Jiangsu Hotel
- ☐ Margaret Sullivan Secretarial Service & Employment Agency
- ☐ Regal Meridien Airport Hotel Hong Kong
- ☐ Pakistan International Airlines
- ☐ RLC Services
- ☐ Short Brothers PLC
- ☐ Voest-Alpine
- ☐ China Special Advertising Supplement, "Trade & Investment in China", 11th Sept., 1985.

Please send me advertising rates for this feature.

INTERNATIONAL MANAGER

Differ on Way With Japan

Currency Rates

Currency	Rate
US Dollar	100.00
British Pound	160.00
Japanese Yen	240.00
West German Mark	160.00
French Franc	6.50
Italian Lira	2000.00
Spanish Peseta	166.67
Portuguese Escudo	200.00
Belgian Franc	36.36
Dutch Guilder	3.76
Austrian Schilling	13.76
Swiss Franc	7.50
Swedish Krona	13.76
Norwegian Krone	13.76
Denmark Krone	6.50
Irish Punt	7.80
Greek Drachma	340.74
Turkish Lira	16.67
Israeli Sheqel	2.00
Indian Rupee	25.00
Pakistani Rupee	10.00
Bangladeshi Taka	10.00
Sri Lankan Rupee	10.00
Malaysian Ringgit	2.00
Singapore Dollar	1.00
Thai Baht	5.00
Philippine Peso	50.00
Indonesian Rupiah	1000.00
Malayian Ringgit	2.00
Brunei Dollar	1.00
Saudi Riyal	2.00
Omani Rial	2.00
Yemeni Rial	2.00
Somali Shilling	100.00
Ethiopian Birr	100.00
Kenyan Shilling	100.00
Ugandan Shilling	100.00
Tanzanian Shilling	100.00
Zimbabwe Dollar	100.00
Botswana Pula	1.00
Namibian Dollar	1.00
South African Rand	1.00
Lesotho Pula	1.00
Swaziland Lilangeni	1.00
Malawi Kwacha	100.00
Mozambique Escudo	100.00
Angolan Kwanza	100.00
Cape Verde Escudo	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00
Angola Escudo	100.00
Guinea CFA Franc	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00
Angola Escudo	100.00
Guinea CFA Franc	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00
Angola Escudo	100.00
Guinea CFA Franc	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00
Angola Escudo	100.00
Guinea CFA Franc	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00
Angola Escudo	100.00
Guinea CFA Franc	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00
Angola Escudo	100.00
Guinea CFA Franc	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00
Angola Escudo	100.00
Guinea CFA Franc	100.00
Guinea-Bissau Escudo	100.00
Sierra Leone Leone	100.00
Liberian Dollar	100.00
Ivory Coast CFA Franc	100.00
Ghana Cedi	100.00
Nigeria Naira	100.00
Cameroon CFA Franc	100.00
Senegal CFA Franc	100.00
Mali CFA Franc	100.00
Niger CFA Franc	100.00
Chad CFA Franc	100.00
Central African CFA Franc	100.00
Equatorial Guinea CFA Franc	100.00
Gabon CFA Franc	100.00
Congo CFA Franc	100.00
Zaire Zaire	100.00
Congo Kinshasa Zaire	100.00
Congo Brazzaville CFA Franc	100.00



INNESS ROUNDUP

Standard Chartered Shows Rise in '84 Pretax Profit

Standard Chartered PLC reported Tuesday a pretax profit rise of 8 percent to £290.3 million (about \$334 million at current rates), but said net fell to £157.2 million (about \$182 million at current rates) from £150 million (about \$176 million at current rates) in 1983. The bank said it increased its assets for bad loans by 26.1 percent to £169 million (about \$198 million at current rates), reflecting a cautious view of asset quality in all trading areas. It also nearly doubled, to £1.1 billion, its allocation for provisions. Standard Chartered said operations for 1984 reflect excellent performance in South Africa, the commercial banking business, and from its Union Bank in California.

Assets Up 10% At Swiss Banks

ZURICH — A survey of 71 Swiss banks showed assets grew during 1984 of 10 percent, due in large part to the rise in the dollar, the Swiss National Bank said Tuesday. In its monthly report, the central bank said the 71 banks surveyed normally represent about three-quarters of all Swiss banking assets. In 1983, the bank said, their balance sheets grew by 7.2 percent. Virtually all of the difference between the two years was due to the rising dollar, it said. Domestic loans rose by 9.5 percent after 6.5 percent in 1983, due to economic growth and to an accounting change in which deposits and loans to Liechtenstein residents were considered domestic positions for the first time.

Searle, Maker of NutraSweet, Ends Its Search for a Buyer

LOS ANGELES — G.D. Searle & Co., maker of the popular NutraSweet sugar substitute, said it has ended its search for a possible buyer of all or part of the company and would remain independent. The St. Louis, Illinois-based pharmaceutical company announced last September that it was exploring a sale at the request of the Searle family, which wanted to diversify its 34-percent stake. Among the companies that expressed interest in Searle were Pfizer Inc., Monsanto Co. and Angus Chemical Co. Searle said Monday that its board unanimously agreed that the company should remain independent after studying various alternatives, including a number of unidentified proposals to buy the company's businesses. Searle stock closed Tuesday at \$47 per share on the New York Stock Exchange, a drop of \$1.75 from Monday, when it fell \$8. Michael A. Martorelli, an analyst with Janney Montgomery Scott in Philadelphia, said: "I still think the reason for (a sale) falling apart is that they couldn't get the deal they wanted. They couldn't get the value from NutraSweet that they thought was there."

COMPANY NOTES

Burroughs Corp. has extended its A-series of general-purpose mainframe computers to include the A15 very-large-scale system. The A15 allows users to expand processing capacity up to 70 times without changing software. Cigahotel SpA, the luxury hotel chain, has been sold to the Aga Khan for about 190 billion lire (about \$92 million), according to Italian press reports. Citicorp will set up a trust bank subsidiary in Japan following Tokyo's decision to let eight non-Japanese banks enter this sector, a spokesman of Citibank N.Y. in Tokyo said. The bank has been negotiating a cooperation agreement with Yasuda Trust & Banking Co. Des Moines Register & Tribune Co. said it would negotiate with Gannett Co., publisher of USA Today and the largest U.S. newspaper chain, on the sale of The Register's 14-percent stake in Cowles Media Co., publisher of the Minneapolis Star and Tribune. Enterprise Oil PLC, the former oil production arm of British Gas Corp., posted pretax profit for 1984 of £138.5 million (\$167 million), up from £83.2 million in the last eight months of 1983, on sales of £266.7 million, as compared with £142.5 million. Exxon Corp., the world's largest oil company, increased its worldwide reserves of oil and gas in 1984 for the third consecutive year, its annual report said. Total production was up 5 percent, principally in the British sector of the North Sea, the Far East and the Gulf of Mexico. Fleet Holdings PLC said the planned bid for its share capital announced by United Newspapers PLC appears to have no merit, in the absence of any details. Fleet said there had been no discussions between itself and United. Rediff & Colman PLC posted a near 20-percent increase in pretax profit in 1984 to £106.4 million (\$124 million) from £88.76 million. Sales were £1.12 billion, compared with £981 million in 1983. Shell U.K. Ltd. made an after-tax profit of £383 million (\$448 million) in 1984, an increase of 15 percent over the previous year. Its chairman, John Raisman, said the results were pulled down by the company's oil manufacturing and marketing divisions and should have been around £500 million. Statoil, Norway's government-owned oil company, is to buy Exxon's Swedish petroleum operations, subject to approval by the Swedish government. Terms were not disclosed. Texaco Inc., ranked third in the U.S. oil industry, had a sharp rise in net proved developed oil and gas reserves as the result of its \$10.1-billion acquisition of Getty Oil Co., according to its annual report. That Airways Co., the state-owned Thai airlines, has been given final approval by the government to buy two new Airbus A310-200s, despite fierce competition from Boeing Co., a government spokesman said. The airline already has five Boeing 737-200s in its fleet. Toshiba Corp. has signed a contract with China's government-owned Wuhang General Copying machine plant to provide technical assistance for the manufacture of plain paper copiers.

British Aerospace 46.3% Rise in Pretax Profit

British Aerospace PLC reported Tuesday a 46.3 percent rise in pretax profit to £140 million (about \$164 million at current rates) from £95.7 million (about \$112 million at current rates) in 1983. The company, one of Europe's makers of planes, space and missile systems, said it rose 7 percent from 1983, to £139.3 million. Profit margins on sales rose to 6.7 percent last year, despite competitive conditions and a reduction in returns on British sales. Profit on civil air-craft was marginal, it said, but military aircraft sales were strong. The loss activities widened to £15.2 million from £14.2 million in 1983, partly said. Results, which were above analysts' expectations, the company's shares rose a share on the London Exchange before settling 385, up 5 pence from Monday.

Braniff Tries Low-Key, Low-Cost Route to Profits

(Continued from Page 17)

loyalty through "frequent traveler" programs. "There were no other options" but to try a different approach, Mr. Braniff recalled recently. "We'd given the concept enough time to see if it would work. We decided to make a change."

So far, the change has been working. Under the old strategy, the load factor, which measures how many available seats are occupied, averaged 42.3 percent from March through October. In contrast, Mr. Ridgeway said, the loads from November through February averaged 64 percent, with a high of 65 percent in February. At the same time, he added, Braniff has been able to reduce its costs. By May, he predicted, its break-even load factor will be below 60 percent. Now, it is about 65 percent.

A major expense that the airline has shed is the cost of 10 of the 20 planes that were grounded last November and remained parked at Love Field in Dallas, where Braniff has its headquarters. The company had to continue to make lease payments of \$90,000 a month on each to BRNF Liquidating Trust, which represents the airline's creditors. Braniff also had to spend \$30,000 a month per plane on maintenance. "With all 10 of them parked out there," Mr. Ridgeway said, "that was \$1.2 million of unproductive costs going out the front door each month."

He said that the carrier returned the planes to BRNF. Also, the monthly rental of \$90,000 on the remaining planes has become a bargain. The price of used Boeing 727s has risen from about \$5 million a plane to more than \$8 million. The rise is mainly ascribed to falling aviation fuel prices, which have made the used planes less costly to operate. The airline, which has put 10 more planes in service, also has built up its route system and is flying 15 planes to 13 cities, with the other five planes being used for charters. Still, it remains a shadow of its former self. At its height, Braniff International had 70 planes flying to more than 50 domestic locations and an extensive network in Latin America.

Mr. Ridgeway conceded that Braniff faces stiff competition from such powerful rivals as American Airlines, which accounts for 65 percent of the travel at Dallas-Fort Worth. While American has 11 nonstop flights daily from Dallas to New York, and Delta Air Lines has seven, Braniff has limited itself to two. American tolerates Braniff because it would lose more money by matching Braniff's fares than by letting the smaller airline have a limited fare advantage. Braniff's one-way, unrestricted coach fare from Dallas to La Guardia in New York, for example, is \$135, compared with \$344 for the large carriers.

Large carriers do offer some much lower fares, but with restrictions, such as a 30-day advance purchase requirement. Such restrictions make these fares less attractive to travelers who cannot plan far ahead.

Braniff also is seeking to spread its operations to areas where the competition is less fierce. On April 28, Mr. Ridgeway said, Braniff will put three to five of its planes into Kansas City, Missouri, for flights to Los Angeles, Phoenix, Arizona, Las Vegas, New York's La Guardia Airport and National Airport in Washington.

"It's a more humble approach," said Robert Fornaro, the vice president of marketing for Braniff. "We're not looking to be a large hub-dominating airline."

Décision de la Société de Gestion ARIANE Gestion du fonds commun de placement luxembourgeois

ARIANE

en date du 5 mars 1985 :

Il sera payé sur le résultat net de l'exercice 1984 un dividende de U.S. \$9,50 par part Ce dividende sera payé à partir du 27 mars 1985 contre remise du coupon numéro 2 des certificats au porteur à la Banque Privée S.A., Succursale de Luxembourg, 20, bd Emmanuel Servais.

La part sera cotée en bourse de Luxembourg ex-coupon à partir de cette date.

China Offers Oil Price Help

BEIJING — China will take active measures to cooperate with OPEC countries to stabilize oil prices, a Chinese envoy told the Venezuelan Foreign Ministry.

800% PROFITS - FACT OR FANTASY?

Economists who belittle the American dream are oblivious to the North American quest for achievement. In its relentless pursuit of ultimate excellence, the United States has been described as a daring experiment, one generation ahead of everybody else, the last word in modernity, the future that works, the next century. Even the inroads of Japan will not permanently fracture America's vision of fulfillment.

The convulsions of Vietnam set back, but did not negate, America's "rendezvous with destiny". Americans are emerging from the self-incriminating lyrics of the 1960's, students have abandoned the "gospel" according to Bob Dylan, and are studying again, trying to blend materialism with non-dogmatic morality.

We are not advocating a return to "Great Gatsby" class distinctions or the capitalism mocked by Sinclair Lewis, but rather an enlightened fiscalism, combining Yankee thrift with creative aversiveness.

In January 1982, our editors, mirroring the new mood in America, wrote... "We are adamant in predicting a massive bull market, repeating our thesis that the DOW NOW 790, WILL TOUCH 1,000, BEFORE HITTING 750, THAT BY 1983, 100,000,000 SHARE TRADING DAYS WILL BE ROUTINE ON THE N.Y.S.E. FOR THE LEAST EXPENSIVE COMMODITIES IN THE WORLD ARE BONA-FIDE U.S.A. EQUITIES, MOST OF WHICH ARE TRADING FAR BELOW REPLACEMENT VALUE OR FUTURE EARNING POWER. DOOMSDAY THINKING IS A HARBINGER OF BETTER TIMES, FOR EVERY BULL MARKET IS SPANNED DURING THE NADIR OF SOUR ECONOMIC NEWS. Our prophecies overruled. Once again the contrarian triumphed. And now? We believe the DOW will catapult over 1500."

C.G.R.'s current letter reviews four "Big Board" corporations that may be ingested by predators. In addition, we focus upon a low-priced stock with the potential to emulate a recently recommended "special situation" that spiraled 800% before a 4-1 stock split.

For your complimentary copy, please write to or telephone:

CAPITAL GAINS RESEARCH

F.P.S. Financial Planning Services by
Kaiserstraat 112,
1012 PK Amsterdam, The Netherlands
Phone: (020) - 27 51 81
Telex 18536

Name: _____

Address: _____

Phone: _____

HT 27/3

Past performance does not guarantee future results

المؤسسة العربية المصرفية
Arab Banking Corporation

1984 ABC Group Results

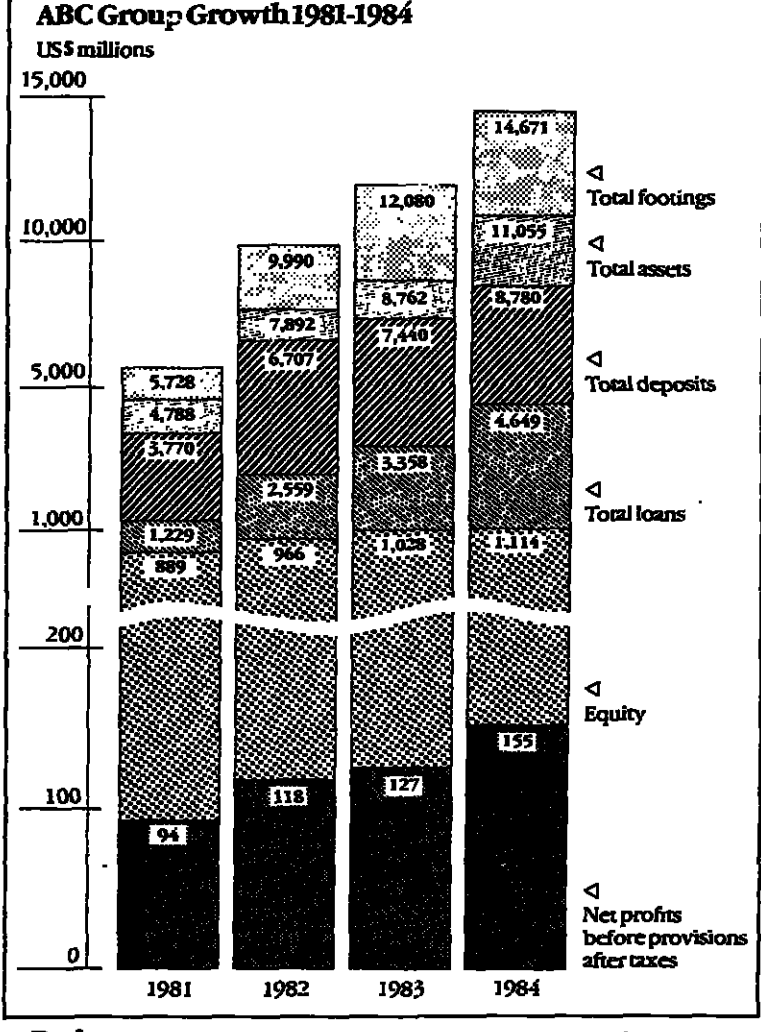
	1984 US\$	1983 US\$
(in millions)		
Consolidated Balance Sheet		
31 December 1984		
Assets		
Liquid funds	362	15
Marketable securities	544	420
Deposits with banks and other financial institutions	4,962	4,742
Loans and advances	4,649	3,358
Investments in affiliates	29	24
Other assets	390	187
Premises and equipment	119	16
Total assets	11,055	8,762
Liabilities		
Deposits from customers	1,810	823
Deposits from banks and other financial institutions	6,970	6,617
Certificates of deposit	532	-
Other liabilities	452	213
Proposed dividend	45	45
Total liabilities	9,809	7,698
Capital resources		
Term notes and bonds	132	36
Shareholders' funds		
Share capital	750	750
Reserves	348	266
Retained earnings	16	12
	1,114	1,028
Total capital resources	1,246	1,064
Total liabilities and capital resources	11,055	8,762

At the Ordinary Shareholders General Meeting held on March 13, 1985, the Shareholders of Arab Banking Corporation (B.S.C.) ratified the audited Financial Statements of the Corporation ending December 31, 1984 and approved the appropriation of net profits as proposed by the Board of Directors as follows:

Net profit for the year	110	107
Retained earnings at beginning of the year	12	16
Profit available for appropriation	122	123

Appropriations		
Statutory reserve	11	11
General reserve	25	25
Extraordinary financial reserve	25	30
Proposed dividend	45	45
	106	111
Retained earnings at end of the year	16	12

Four Year Growth & Group Subsidiaries



- The ABC Group**
- Arab Banking Corporation (B.S.C.)**
(parent company)
Head Office: Bahrain.
Branches: New York, Grand Cayman, London, Milan, Singapore.
Representative Offices: Houston, London, Paris, Rome.
- Banco Atlantico S.A.**
Head Office: Barcelona.
194 branches throughout Spain.
8 overseas representative offices.
Subsidiaries in Panama and Zurich.
- Investment Banking Group**
ABC Investment Banking and Services E.C.
Bahrain (under formation)
ABC International Limited - London
ABC Services Limited - London
- Arab Banking Corporation - Daus and Co. GmbH**
Frankfurt and Grand Cayman
- ABC-Banque Internationale de Monaco**
Monte Carlo
- ABC Futures and Bullion Pte Limited**
Singapore
- Affiliates including**
- Arab Financial Services Company - Bahrain
 - Arabank International E.C. - Bahrain
 - Richard Daus and Co. Trust Company - West Germany
 - The Export Finance Company - United Kingdom

Chemical Establishes Pelux Unit in Brussels

n to Sell Company Stakes

Company Stakes

gy concern, raising the equivalent of \$235 million.

The divestitures would barely scratch the surface of Bonn's interest in about 900 German companies. But it is the first time a European government, outside Britain, has embarked on such an undertaking, and the plans mark a drastic break with traditional postwar German industrial policy of direct involvement in business.

Gerhard Schröder, the finance minister, noting that the government's stake would be "considerably reduced," said it was "entirely conceivable that we will withdraw altogether at a later date."

The government's healthy majority in the legislature virtually assures the plan's passage.

Competition Seen as War

(Continued from Page 17)

disputing that so often recently there is analogy to war. It's dangerous terminology that can have more impact than was intended."

According to some psychologists, war terms are negative motivators.

"It is totally unhealthy for executives to have to create an enemy from without," said Cary Cooper, professor of organizational psychology at the University of Manchester Institute for Science and Technology. "Do we need to put people on a war footing to get motivation and productivity?"

Most executives agree with Mr.

Kotler that Japanese companies

Trade Deficit Grows in U.K.

Reuters

LONDON — Britain's visible trade deficit widened to £270 million (about \$310.5 million) in February from £76 million in January, the government said Tuesday. The surplus in the current account, which measures trade in goods and services as well as interest, dividends and certain transfers, narrowed to £131 million in the month, down from a revised £341 million in January.

Exports rose to a record £6.9 billion from £6.54 billion, while imports increased to a record £7.17 billion from £6.62 billion.

Government sources said they blamed the deterioration in the

NASDAQ National Market Prices[illegible]

1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

[illegible][illegible]

We are pleased to announce

Managers

John K. Hepburn, Investment Banking, London

Geoffrey W. Pitt

Pr

Miguel J. Caparros, Investment Banking, London

Denys C. Firth, Investment Banking, London

Alan M. Goodhill, International Equity, London

John H. Murray, Investment Banking, Sydney

Vice

George A. Clark, Fixed Income, London

Karl P. Essig, Capital Market Services, Tokyo

Patrick J. Foley, International Equity, London

Kohel Hotta, Administration, Tokyo

Fredrick B. Krom, III, Fixed Income, London

Richard J. Kyle, International Equity, London

Anthony W. Woods

MORGAN
Commercial Union Building
P.O. Box 132
1 Undershaft, Leadenhall Street
London EC3P 3HB, England
Sydney, Australia
March 1985

[illegible]

WHAT WOULD LIFE BE LIKE
WITHOUT IT?
WEEKEND
EACH FRIDAY IN THE IHT

The bank holiday for 71 banks in Ohio (\$5.1 bn. in assets) is the toughest measure since the Great Depression. International problems are even more difficult with about 970 bn. \$ debt (less developed countries). The budget deficit in the U.S. of about 200 bn. \$ seems to be small in comparison to this huge amount which threatens the international banking system. Comparison: Earnings of all U.S. banks were about 200 bn. \$ per year. This year, the U.S. foreign trade deficit which grows every year by about 15-20 % is a very investment risk. Finanzwoche is the biggest newsletter in English language in Germany and Switzerland. We have recommended to switch to stocks with very high asset values and very good earnings. Many appreciated by over 100 %. This means that you have an excellent risk-reward-ratio. While the stock market is still extremely depressed, we advise to buy German and Swiss stocks (at an extremely low currency price you do not have the risk of losing your money in time deposits. Subscribe for a trial subscription of 6 months. Please enclose cheque (\$50).

Name _____
Address _____
Finanzwoche, Dr. Jens Ehrhardt,
P.O. Box 6365, D-8012 Ottobrunn (Munich) Germany.

Kingdom of Sweden



U.S.\$ 110,000,000
Floating Rate Notes Due November 1988

Notice is hereby given that in accordance with Clause 6(a) of the Terms and Conditions of the Notes, the Kingdom will redeem all of the outstanding Notes at their principal amount on 23rd May, 1985, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation of the Notes with all unmatrued Coupons attached, at the Offices of any one of the Paying Agents mentioned thereon.

Accrued interest due 23rd May, 1985 will be paid in the normal manner against presentation of Coupon No. 9, on or after 23rd May, 1985.

Bankers Trust Company, London
Fiscal Agent

27th March, 1985

We are pleased to announce the following elections

Managing Directors

John K. Hepburn, *Investment Banking, London* **Peter J. Ogden**, *Investment Banking, London*
Geoffrey W. Picard, *Fixed Income, Tokyo*

Principals

Miguel J. Caparros, *Investment Banking, London* **David I. Neeson**, *International Equity, London*
Denys C. Firth, *Investment Banking, London* **Toshio Ozeki**, *Investment Banking, Tokyo*
Alan M. Goodhill, *International Equity, London* **Kenneth P. Urban**, *Fixed Income, London*
John H. Murray, *Investment Banking, Sydney* **J. Steven Ward**, *Fixed Income, London*

Vice Presidents

George A. Clark, *Fixed Income, London* **E. Bertil Rydevik**, *Investment Banking, London*
Karl P. Essig, *Capital Market Services, Tokyo* **Michael G. Stout**, *Fixed Income, London*
Patrick J. Foley, *International Equity, London* **John J. Studzinski**, *Mergers and Acquisitions, London*
Kohsei Hotta, *Administration, Tokyo* **David C. Sumners**, *Foreign Exchange, London*
Frederick B. Krom, III, *Fixed Income, London* **Toyoharu Tsutsumi**, *Institutional Equity, Tokyo*
Richard J. Kyle, *International Equity, London* **Robert C. Whitehand**, *Fixed Income, London*

Anthony W. Wood, *Fixed Income, Tokyo*

MORGAN STANLEY

<i>Commercial Union Building</i>	<i>MLC Centre</i>	<i>Ote Center Building</i>
<i>P.O. Box 182</i>	<i>Martin Place</i>	<i>1-8, Otemachi 1-chome</i>
<i>1 Underneath, Leadenhall Street</i>	<i>Sydney, N.S.W., 2000 Australia</i>	<i>Chiyoda-Ku</i>
<i>London EC3P 3HB, England</i>		<i>Tokyo-To 100, Japan</i>

March 1985

[illegible]

Competition Seen as War

(Continued from Page 17)

According to some psychologists, war terms are negative motivators.

"It is totally unhealthy for executives to have to create an enemy from without," said Cary Cooper, professor of organizational psychology at the University of Manchester Institute for Science and Technology. "Do we need to put people on a war footing to get motivation and productivity?"

Most executives agree with M

Kotler that Japanese companies

Trade Deficit Grows in U.K.

Reuters
LONDON — Britain's

ble trade deficit widened to £270 million (about \$310 million) in February from £171 million in January, the government said Tuesday. The surplus in the current account, which measures trade in goods and services as well as interest payments and certain transfers, narrowed to £131 million in January, down from a record £341 million in January.

Government sources said
blamed the deterioration.

Floating Rate Notes

March 26[illegible]

SPORTS

Center Forwards
Front and Center

International Herald Tribune
LONDON — For an extinct center forward, the center forward is having an almighty impact on world football.

ROB HUGHES

ing. He is the hero, the goal, on a side that after 11 long, naive years, has recaptured the Spanish League title. He is the hero, the goal, on a side that after 11 long, naive years, has recaptured the Spanish League title. He is the hero, the goal, on a side that after 11 long, naive years, has recaptured the Spanish League title.

been slow to warm to Preben Elkjaer.

The big, angular, awkward-looking Dane deceives them almost as much as their old warhorse Francesco Graziani did for years on the national team.

Many good judges thought Elkjaer the most effective center forward in last summer's European championship. Yet the Dane went to Italy as an afterthought, for \$1.6 million — a quarter of Maradona's cost to Naples, a third of Rummennigge's to Inter-Milan.

The sheer allure of Maradona and Rummennigge (and lately their scintillating bursts of form) can attract three-quarters of a million dollars at the gate — and while Rummennigge has long led West Germany it is something new for Argentina to gamble on the volatile Maradona as captain for the World Cup qualifiers.

Maradona brought excitement to Barcelona last year. He scored, he was butchered, he fought, often literally, into the headlines. But he never achieved what Archibald has by reliable prodding by a stealth that makes opponents and sometimes the crowd question whether he was there at all.

"You either have the knack of scoring goals or you don't," observes the Scot. "I have. I'm absolutely at ease with both feet. I'm sharp. I have nerve and I get the ball on target. I also love the challenge of proving myself in a new environment."



An airborne Steve Archibald, ripping a shot for Barcelona in Spanish First Division play.

The best two center forwards in Britain are both Welshmen — Liverpool's Ian Rush and Manchester United's Mark Hughes. Though only 24, Rush has been around for years, and Hughes has burst out of Manchester's reserves to see off the million-pound opposition with his tenacity, his pace, his single-mindedness.

England may also be attempting too much of a good thing. On Tuesday it played the Republic of Ireland with not one but three center forwards — Hateley plus new caps Chris Waddle to his left and Gary Linaker to the right.

Two of England's substitutes were center forwards — Arsenal's aging leader Paul Mariner and Nottingham Forest's learner Peter Daveport, like Waddle a late-comer to the professional ranks. They might reflect how fickle the role can be. Exactly a year ago

Luther Blissett, then an England forward, was being ridiculed by Milan President Giuseppe Farina, who, disatisfied with Blissett's three goals in 22 games, commented: "The lesson is we shall not buy any more English players."

He did precisely that and basked, for half a season anyway, in the goals from his next million-pound acquisition, Hateley. Is England too overboarded? Doubtful, but Uruguay could do with any spare goal scorers. The South American champion, and among the favorites to win the 1986 World Cup, Uruguay lost a bruising match in Chile this week and finished almost as wounded as the referee, who was twice hit by missiles.

Uruguay must win in Ecuador on Sunday (against a no-hoper it scraped past with a last-minute goal at home) or even qualification is lost. And although much more was expected of the pacy Carlos Aguilera, Uruguayan Coach Omar Borrás must wonder where he went wrong with a squad he has trained in seclusion since January.

Perhaps it is because he sees no center forward, no main man? "My kind of player," Borrás told me, "doesn't need a lot of culture, but he must be intelligent, temperamental, with fighting spirit and mentally alert. And he must not be individualistic, either on the field or off it. Physically, he must be not less than 1-meter-80 with enough kilos to make his weight felt, strong with a hard shot but not necessarily a good dribbler."

That rules out most of the above. Even in a team game, goal-scorers are hungry for personal glory.

VANTAGE POINT/ John Feinstein

1984-85: Season of the Big East

Washington Post Service
WASHINGTON — Finally, the 1984-85 college basketball season has found a legacy.

Since the ball first went up in November, there has been little doubt that — barring injury — Georgetown would repeat as national champion. No team coached by John Thompson and anchored by Patrick Ewing is going to lose its hunger.

But now there was something else worth remembering about the season. Last weekend a monarch fell in a bloodless but thorough coup. Four times the Big East, the six-year-old pretender, challenged the Atlantic Coast Conference, the king. The pretender won all four.

As a result, three Big East teams — a tournament record — are in the NCAA's final four. Does that mean a new order has been established? No, but it does mean this one will be remembered, correctly, as the season of the Big East.

Coach Robbie Massimino and Villanova took the measure of the ACC not once but twice during the weekend. Friday, they beat Maryland; Sunday, they embarrassed North Carolina. Add Georgetown's victory over Georgia Tech on Saturday and St. John's West Regional victory over North Carolina State Sunday and the figures are complete and convincing. Regular season record: Big East 3, ACC 1. NCAA season: Big East 5, ACC 1.

The beauty of the college game, though, is its constant change. The three Big East teams going to Lexington, Kentucky, this weekend are built around seniors. All three will be gone next year but not as good.

The ACC, by contrast, is a league of underclassmen, except at N.C. State. Georgia Tech loses only Yvon Joseph from its superb 27-8 team. North Carolina (27-9) loses no one of note and has had the nation's best recruiting year. Duke (23-8) loses only Danny Meagher.

But that's 1985-86. This is the Big East's season to crow. The fourth team in the final four, Memphis State, is almost an afterthought. The Tigers are the product of a Midwest regional college that could easily have passed for the national junior-college tournament for all its on-court and coaching discipline.

If there is to be a suspenseful national final on Monday, Villanova must beat Memphis State on Saturday. There is no way Memphis State can beat St. John's, much less Georgetown. The Redmen and Hoyas have at least as much talent and know what the words discipline and defense mean.

Villanova's Wildcats have reached the semifinals with those two words. Their average score in four tournament victories has been 53-48. Massimino controls every move, every possession. Last weekend, when his team shot horribly in both first halves, the scores were close because the games were slow and Villanova's changing zone defenses were good. In the second halves, the Wildcats built leads and then held on with the spread offense Massimino loves to use when there's no shot clock. Villanova will try to do just that against Memphis State; give Massimino a second-half lead and the Tigers will be history.

There are no such obvious notions about St. John's-Georgetown. The Redmen, who crawled out of Madison Square Garden two weeks ago after a battering in the Big East final, seem to have caught a second wind.

But St. John's will be hard-pressed to make its fourth meeting of the season with the Hoyas any different from meetings two and three. Georgetown will not consider its season complete until Thompson and Ewing repeat their victory dance of a year ago.

For St. John's, boarding the plane to Lexington means the season has been a success. It will be motivated, but motivation is different from mission.

Saturday it was again apparent that Georgetown has a mission. That may be Thompson's greatest strength as a coach — his ability to convince his players that for 40 minutes you don't play a game, you go to war. He dislikes hearing that his team is violent, but it is more than merely aggressive. Personified by Ewing, therein lies Georgetown's brilliance: Other teams are convinced that Georgetown will refuse defeat.

In the end, the difference is between wanting to win and refusing to lose. There's no reason to believe that will change in Lexington.

Knicks Lose Game, King

Compiled by Our Staff From Dispatches

MILWAUKEE — New York Coach Hubie Brown, who had just lost the services of Bernard King, the National Basketball Association's leading scorer, could not avoid noting the differences between his injury-depleted roster and the vigor of the Milwaukee reserves.

"The Bucks were overpowering," Brown said after Milwaukee had breezed to a 126-106 victory here.

Slowed by the absence of other injured players — Bill Cartwright, Marvin Webster, Truck Robinson and Pat Cummings — the Knicks trailed throughout.

Sidney Moncrief had 23 points and rookie Kenny Fields added a career-high 21 as the Bucks improved to 51-21. The loss dropped New York to 24-48 and was the 31st defeat in 36 road games for the Atlantic Division cellar-dwellers.

The Bucks led, 64-52, at halftime and extended their lead to 23 points behind Moncrief's 11 third-period points and Mokeski's 10.

Terry Cummings had 15 points as Milwaukee took a 41-23 lead after the first quarter, in which the Bucks hit 82 percent from the floor (the Knicks shot 23 percent). Fields came off the bench in the second period to score 15 points.

"It's been a demoralizing year," Brown said. "We fight hard every night, but you can't win playing second-string guys 30 or 35 minutes a night."

Nelson said the Bucks "have been fortunate in avoiding that situation this year. I think playing everyone for short periods of time helps a lot." He continued to rest his mainstays Monday. Moncrief played only 28 minutes while Terry Cummings played 26. (AP, UPI)



King: Out for the year.

COREBOARD

Hockey



seaman Curt Giles was strong at both ends of the rink in Monday night's only NHL game. He ably protected Minnesota goalie Don Beaupre (above, Giles dispatching Vancouver forward Jean-Marc Lanthier), and assisted on three goals in the North Stars' 5-3 victory.

National Hockey League Leaders

Leaders through games of Sunday.					Rough (Fuhr and M Gemschot
OVERALL OFFENSE					Clifford
Edmonton	G	A	P	Pim	Stanku Bonnerman
Calgary	46	123	189	40	Pope
Los Angeles	46	120	186	39	Beane (B)
St. Louis	45	115	180	38	Lammis
NY Islanders	45	111	176	37	Edwards
NY Rangers	45	110	175	36	Grady (A)
St. Detroit	44	108	172	35	Hrudiv
Chicago	44	107	171	34	Smith
Edmonton	43	106	170	33	Smith
Washington	43	105	169	32	W.Y. Anderson
NY Islanders	42	104	168	31	Beane
St. Louis	41	103	167	30	Desore
Los Angeles	41	101	165	29	Beane
St. Louis	40	100	164	28	Aleinsson
Calgary	40	99	163	27	Smith
Edmonton	39	98	162	26	Minnick
Washington	39	97	161	25	Jaczewy
NY Islanders	38	96	160	24	Eller
POWER-PLAY GOALS					St. Louis
Edmonton	G	P	Pim		Los Angeles
Calgary	46	21			Luf
Los Angeles	46	17			Wick
St. Louis	45	16			Altman
NY Islanders	45	16			Hartford (C)

England: Jolly Good Buy

Perhaps England was nothing but a jolly good buy. One hadn't thought of England quite like that.

All are looking forward to fleeing to England, where—if they can steal their national treasures before fleeing home—they hope to buy Windsor Castle before the Arabs bid up the price.

New York Times Service



'Amadeus' Wins 8 Oscars: Abraham Named Best Actor

Runners-up to "Amadeus" were "Killing Fields," with three Oscars — others were for cinematography, by Clive Manges, and for editing — and "A Pas-

Ngor, 34, who was trained as a physician, and was working as a refugee employment counselor in Los Angeles before being cast in "The Killing Fields," said: "This is unbelievable, but so is my entire life." He thanked his producer, David Puttnam, and director, Roland Joffe, as well as the "casting lady who found me," and concluded: "I thank God, Buddha, that I am even here."

The music awards included Stevie Wonder's "I Just Called to Say I Love You," from "The Woman in Red," as best song. The rock star Prince won for best original score song or adaptation score for his semi-autobiographical film "Purple Rain," and came up to accept his award in a blue-sequined burnoose. Maurice Jarre won for his original score for "A Passage to India," and said: "I was lucky Mozart was not available this year."

JEAN HERSHOLT AWARD: David Wolper, producer of the opening and closing ceremonies of the 1984 Summer Olympic Games.

SPECIAL ACHIEVEMENT, SOUND EFFECTS EDITING: Kay Rose, "The River."

GORDON E. SAWYER TECHNICAL AWARD: Liswood G. Dunn, special effects cameraman.

HONORARY AWARD: National Endowment for the Arts.

and Dustin Hoffman will be in May to film movies dealing with bank failures and the Mafia, newspapers say. "Il Penitente" will deal with Tom Buscetta, whose confession to police round up hundreds of suspected of Mafia activities with the Sicilian banker *Mimmo Sindona*, who is accused of a masterminded his own kidnapping from New York and the slaying of an Italian official investigating the collapse of his banking empire. Sydney is to play Sindona, the paper *"Stampa Sera"* said. Another daily, *"Corriere della Sera"*, said Steiger would appear in "Friars Bridge" as Roberto who was found hanging Blackfriars Bridge in London after the failure of his Banco Ambrosiano, and that Hoffman will play *Florio Carbone*, one of the people to see Calvi alive.

The American novelist Vonnegut Jr. has called the dismantling of the Polish chapter PEN, the international writers' association, a tragic move. Vonnegut and another novelist, William S. Burroughs, met with writers in Warsaw last week. Poland's independent PEN chapter was suspended in August 1983 and re-formed under the Ministry of Culture. The reorganization voted not to receive the new chapter. "There are Eastern European countries where independent PEN clubs work fine there," Vonnegut said. He and Styron went to Gdansk to meet Lech Walesa, leader of the banned trade union Solidarity. Vonnegut said.

The comedians Carol Brando and Sid Caesar and the former anchorman Walter Cronkite were inducted into the Tele-Academy Hall of Fame. Rod Taylor, of "Twilight Zone" fame, and Sullivan and Joyce Hall, founders of the "Hallmark Hall of Fame," were inducted posthumously by the Academy of Television Arts and Sciences.

INTERNATIONAL CLASSIFIED

**REAL ESTATE
TO RENT/SHARE**

PARIS AREA FURNISHED

Embassy Service
8 Ave du monde
75008 Paris

**YOUR REAL ESTATE
AGENT IN PARIS**
PHONE 542 78 99

AN ATTRACTIVE BREAK from hotels with Flatlets, for short stay (for long stay 3 months or more). Fully equipped studios to 3-room apartments, including kitchen and home services of domestic, from shops of our weekly service. Information / central booking: FLATOLET, 14 rue du Théâtre, 75015 Paris. Tel. 575 02 20, Telex 202511 F.

AGENCE DE L'ETOILE
REAL ESTATE AGENT
764 03 17

74 CHAMPS-ELYSEES 8th
Studio, 2 or 3-room apartment.
One month or more.
Tel. CLAUDE 339 67 99.

CHAMPS ELYSEES
One bedroom apartment available per week. F4330, ASP 265 10 20.

14th PLACE VOSGES Lustrous 6-10thm duplex. F28 34 50.

**REAL ESTATE
TO RENT/SHARE**

PARIS AREA FURNISHED

LA MURETTE July-Aug. 14sq. m., 2 bedrooms, private grounds, swimming pool. 10 private to private, F2720 00 net or equivalent. Call 973 27 26

SHORT RENTAL IN PARIS and 2 rooms, beautifully decorated. Satisfying. 6 and 1 75008 Paris Tel. (01) 39 99 8

IDEAL FOR SHORT TERM stay. 1-2 rooms, centrally located. Satisfying. 6 and 1 75008 Paris Tel. (01) 39 99 8

VISIT TODAY! 11 AM/NOON Rapid, flat, 5th floor, B11 duplex, 2 bedrooms, balcony. F4330 charges included.

14TH ETOILE Charming 14-apartment fully equipped. Tel. 720 03 17

14TH Montparnasse, ground 100 sqm., sleep 3, 2 bedrooms, 51,000/month, Conf. 6 months.

11th BASTILLE 55 sqm., 4 bedrooms, air beams, ETOILE For Agency. F5000, Tel. 338 10

13th SORBOINNE 3 rooms, large kitchen, lovely balcony, 3rd elevator. Mr. Gebori 362 73

**PAGE 4
FOR MORE
CLASSIFIED:**

International Business Message Center

[illegible]

Executive Business Services
5177 West 12th, Suite 203, Beverly Hills, CA 90212, Tel: (310) 885-1075
Telex: 472-045

GENEVA KARSTEN BUSINESS SERVICES
Fully equipped offices to rent. Dictation (mail, telex & phone), Travel, sales, secretarial & international services. KBS, 5 Rue de la Chapelle, 1202 Genéve, S.W. 57 16 33, tel. 426388 KBS

PARIS, ED MALSHREIN
Available per day,
1 room, high class, very central
\$200 per day
Secretarial services &
elegant studio on request
A.S.P. 246 71 99

Imprimé par Offprint 73 rue de l'Évangile 75018 Paris